

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Kingsley	County Grand Traverse
Fiscal Year End February 2008	Opinion Date June 13, 2008	Date Audit Report Submitted to State August 4, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

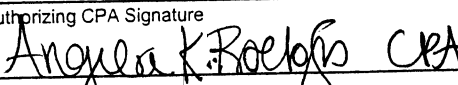
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	Single Audit Report, SAS 114	
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.		Telephone Number 231-775-9789	
Street Address 134 W. Harris Street		City Cadillac	State MI
Zip 49601			
Authorizing CPA Signature 		Printed Name Angela K. Roelofs, C.P.A.	
License Number 1101029140			

VILLAGE OF KINGSLEY, MICHIGAN

FEBRUARY 29, 2008

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

VILLAGE OF KINGSLEY, MICHIGAN

FEBRUARY 29, 2008

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	i-ii
Management's Discussion and Analysis	iii-xi
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1-2
Statement of Activities	3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4-5
Reconciliation of the Balance Sheet to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7-8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	9
Proprietary Funds	
Statement of Net Assets	10-11
Reconciliation of the Statement of Net Assets of Proprietary Funds to the Statement of Net Assets	12
Statement of Revenues, Expenses, and Changes in Fund Net Assets	13-14
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Assets to the Statement of Activities	15
Statement of Cash Flows	16-17
Component Unit	
Statement of Net Assets	18
Statement of Activities	19
Notes to Financial Statements	20-37
Required Supplementary Information	
Budgetary Comparison Schedule - Major Governmental Funds	38
Component Unit - Downtown Development Authority	
Comparative Balance Sheet	39
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	40

VILLAGE OF KINGSLEY, MICHIGAN

FEBRUARY 29, 2008

TABLE OF CONTENTS

Financial Statements of Individual Funds	<u>PAGES</u>
Major Governmental Funds	
<u>General Fund</u>	
Comparative Balance Sheet	41
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	42
Comparative Analysis of Revenues	43
Comparative Analysis of Expenditures	44-47
Comparative Analysis of Other Financing Sources (Uses)	48
<u>Major Street Fund</u>	
Comparative Balance Sheet	49
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	50-51
<u>Local Street Fund</u>	
Comparative Balance Sheet	52
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	53-54
<u>Recreational Complex Capital Project Fund</u>	
Comparative Balance Sheet	55
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	56-57
<u>South Brownson Capital Projects Fund</u>	
Comparative Balance Sheet	58
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	59
<u>Clark Whipple Capital Projects Fund</u>	
Balance Sheet	60
Statement of Revenues, Expenditures and Changes in Fund Balance	61
<u>Village Hall/Library Capital Projects Fund</u>	
Balance Sheet	62
Statement of Revenues, Expenditures and Changes in Fund Balance	63
<u>2007 Debt Service Fund</u>	
Balance Sheet	64
Statement of Revenues, Expenditures and Changes in Fund Balance	65
<u>Oil, Gas and Mineral Trust Fund</u>	
Comparative Balance Sheet	66
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	67

VILLAGE OF KINGSLEY, MICHIGAN

FEBRUARY 29, 2008

TABLE OF CONTENTS

Major Proprietary Funds	PAGES
<u>Water Fund</u>	
Comparative Statement of Net Assets	68-69
Comparative Statement of Revenues, Expenses and Changes in Net Assets	70-71
Comparative Statement of Cash Flows	72-73
<u>Sanitary Sewer System Fund</u>	
Comparative Statement of Net Assets	74-75
Comparative Statement of Revenues, Expenses and Changes in Net Assets	76-77
Comparative Statement of Cash Flows	78-79
 Internal Service Fund	
<u>Equipment Fund</u>	
Comparative Statement of Net Assets	80
Comparative Statement of Revenues, Expenses and Changes in Net Assets	81
Comparative Statement of Cash Flows	82
 Other Information	
Water Revenue Bonds, Series 1992	83
Junior Lien Sewer Revenue Bonds, Series 2004	84-86
Junior Lien Water Revenue Bonds, Series 2005	87-88
Downtown Development Authority Tax Increment Bonds, Series 2006	89-90
Junior Lien Water Revenue Bonds, Series 2007	91-92
Village Share Bonds, Limited Tax General Obligation, Series 2007	93-94
 Single Audit	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95-96
Report on Compliance with Requirements Applicable to Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133	97-98
Schedule of Expenditures of Federal Awards	99
Notes to Schedule of Expenditures of Federal Awards	100
Summary Schedule of Prior Audit Findings	101
Schedule of Findings and Questioned Costs	102-104

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

June 13, 2008

INDEPENDENT AUDITORS' REPORT

To the President and Village Council
Village of Kingsley, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Village of Kingsley, Michigan, as of and for the year ended February 29, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Kingsley, Michigan's, management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Kingsley, Michigan, as of February 29, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008, on our consideration of the Village of Kingsley, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through xi and 38, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Kingsley, Michigan's, basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Village of Kingsley, Michigan. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

Management's Discussion and Analysis

The management of the Village of Kingsley, Michigan ("the Village") offers this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 29, 2008, for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Village's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

Government-Wide

- ❖ The assets of the Village exceeded its liabilities at the close of this fiscal year by \$10,237,949 (shown as *Net Assets*), representing an increase of \$990,335 over the previous fiscal year. Governmental Funds represented \$510,059 of this increase, while Business-Type activities accounted for \$480,276 of the increase.

Fund Level Financial Highlights

- ❖ As of February 29, 2008, the governmental funds of the Village of Kingsley reported combined ending fund balances of \$1,287,213, of which \$356,768 is unreserved.
- ❖ The unreserved fund balance of the Village's General Fund decreased this year to \$0.

Long-Term Debt

- ❖ The Village of Kingsley's total debt increased by \$241,420 during the fiscal year to \$1,947,567.

Overview of the Financial Statements

The Village of Kingsley's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements this report includes government-wide statements as required by GASB Statement Number 34. The *government-wide financial statements* are designed to provide a broad overview of the Village's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the Village as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the Village's assets and liabilities, the difference between the two being reported as the Net Assets of the Village. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other

VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the Village include general government, public safety, major and local streets, public works, culture and recreation. Business-type activities of the Village include water and sewer utility services.

Focus on Funds

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The Village's major Governmental Funds include the General Fund, Major Street Fund, Local Street Fund, Recreational Complex Fund, South Brownson Capital Project Fund, Clark Whipple Capital Project Fund, Village Hall / Library Capital Project Fund, 2007 Debt Service Fund and the Oil, Gas and Mineral Trust Fund. The major Proprietary Funds include the Water Fund and Sewer Fund. Presentation of major funds can be found on pages 41-67 of this document.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Village of Kingsley uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Many of the Village's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the Village include the General Fund as well as the special revenue, capital project, and permanent funds.

Proprietary Funds Proprietary funds account for services for which the Village charges its customers for the services they are provided. These charges can be to external customers or other agencies within the Village. There are two types of proprietary funds:

VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

- Enterprise funds are used to report business-like activities of the Village. These activities intend to recover the full cost of the services through the fees charged to the customers. The Village has two enterprise funds, which are the Water Fund and Sewer Fund.
- Internal Service funds are the second type of proprietary funds. These funds provide services to other departments within the Village. This fund allows the Village to allocate costs of centralized services such as the Village's vehicles and equipment. The Village has one internal service fund.

Component Units The Village's annual financial report includes reporting on separate legal entities for which the Village has some level of financial responsibility. These funds are shown in a separate column. The Village's only component unit is the Downtown Development Authority.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on page 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found on page 38 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Village's financial position over time. The Net Assets of the Village are \$10,237,949 at February 29, 2008, meaning that the Village's assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. A comparison with the previous fiscal year is presented in order to show the change in net assets over the previous fiscal year.

VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

Village of Kingsley
Net Assets

	Governmental Activities	Governmental Activities	Business-Type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 1,411,603	\$ 1,239,289	\$ 1,208,068	\$ 811,141	\$ 2,619,671	\$ 2,050,430
Capital Assets	<u>3,458,219</u>	<u>3,097,690</u>	<u>6,308,383</u>	<u>5,918,933</u>	<u>9,766,602</u>	<u>9,016,623</u>
Total Assets	<u>4,869,822</u>	<u>\$ 4,336,979</u>	<u>\$ 7,516,451</u>	<u>\$ 6,730,074</u>	<u>\$ 12,386,273</u>	<u>\$ 11,067,053</u>
Current liabilities	86,695	\$ 106,280	\$ 167,813	\$ 75,495	\$ 254,508	\$ 181,775
Long-term liabilities	<u>214,816</u>	<u>22,356</u>	<u>1,679,000</u>	<u>1,615,308</u>	<u>1,893,816</u>	<u>1,637,664</u>
Total Liabilities	<u>301,511</u>	<u>\$ 128,636</u>	<u>\$ 1,846,813</u>	<u>\$ 1,690,803</u>	<u>\$ 2,148,324</u>	<u>\$ 1,819,439</u>
Net Assets						
Invested in capital assets						
net of related debt	3,289,460	\$ 3,070,034	\$ 4,592,051	\$ 4,244,625	\$ 7,881,511	\$ 7,314,659
Restricted	783,242	807,310	0	0	783,242	807,310
Unrestricted	<u>495,609</u>	<u>330,999</u>	<u>1,077,587</u>	<u>794,646</u>	<u>1,573,196</u>	<u>1,125,645</u>
Total Net Assets	<u>\$ 4,568,311</u>	<u>\$ 4,208,343</u>	<u>\$ 5,669,638</u>	<u>\$ 5,039,271</u>	<u>\$ 10,237,949</u>	<u>\$ 9,247,614</u>

The most significant portion of the Village's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Village used to acquire or construct the asset. The Village has \$1,573,196 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Village policies regarding their use.

The total net assets of the Village increased \$990,335 in this fiscal year, which is a good indicator that the Village experienced positive financial growth during the year. As a result, the Village ended the fiscal year in better condition than when the year started.

The following table illustrates and summarizes the results of the changes in the Net Assets for the Village. The condensed information was derived from the Government-Wide Statement of Activities.

VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

*Village of Kingsley
Change in Net Assets*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 47,034	\$ 34,682	\$ 485,141	\$ 509,266	\$ 532,175	\$ 543,948
Operating Grants and Contributions	152,407	122,414	0	0	152,407	122,414
Capital Grants	495,355	755,655	453,510	376,826	948,865	1,132,481
General Revenues						
Property Taxes	253,348	233,578	0	0	253,348	233,578
State Shared Revenue	154,027	136,503	0	0	154,027	136,503
Unrestricted Investment Earnings	74,412	69,761	36,727	41,843	111,139	111,604
Gain (Loss) on Sale of Assets	2,551	4,100	0	10,000	2,551	14,100
Other	1,568	5,458	0	198	1,568	5,656
Transfers	0	212,715	72,879	0	72,879	212,715
Total Revenues	<u>\$ 1,180,702</u>	<u>\$ 1,574,866</u>	<u>\$ 1,048,257</u>	<u>\$ 938,133</u>	<u>\$ 2,228,959</u>	<u>\$ 2,512,999</u>
<u>Expenses</u>						
General Government	\$ 112,076	\$ 135,423	\$ 0	\$ 0	\$ 112,076	\$ 135,423
Public Safety	6,872	6,355	0	0	6,872	6,355
Public Works	367,620	62,412	0	0	367,620	62,412
Planning	29,562	27,118	0	0	29,562	27,118
Recreation and Culture	20,896	42,057	0	0	20,896	42,057
Debt Service	5,733	0	0	0	5,733	0
Other Functions	50,005	67,039	0	0	50,005	67,039
Trust Fund	5,000	5,000	0	0	5,000	5,000
Water and Sewer	0	0	567,981	524,719	567,981	524,719
Transfers	72,879	0	0	212,715	72,879	212,715
Total Expenses	<u>\$ 670,643</u>	<u>\$ 345,404</u>	<u>\$ 567,981</u>	<u>\$ 737,434</u>	<u>\$ 1,238,624</u>	<u>\$ 1,082,838</u>
 Increase in Net Assets	 \$ 510,059	 \$ 1,229,462	 \$ 480,276	 \$ 200,699	 \$ 990,335	 \$ 1,430,161
Beginning Net Assets	4,058,252	2,978,881	5,189,362	4,838,572	9,247,614	7,817,453
Ending Net Assets	<u>\$ 4,568,311</u>	<u>\$ 4,208,343</u>	<u>\$ 5,669,638</u>	<u>\$ 5,039,271</u>	<u>\$ 10,237,949</u>	<u>\$ 9,247,614</u>

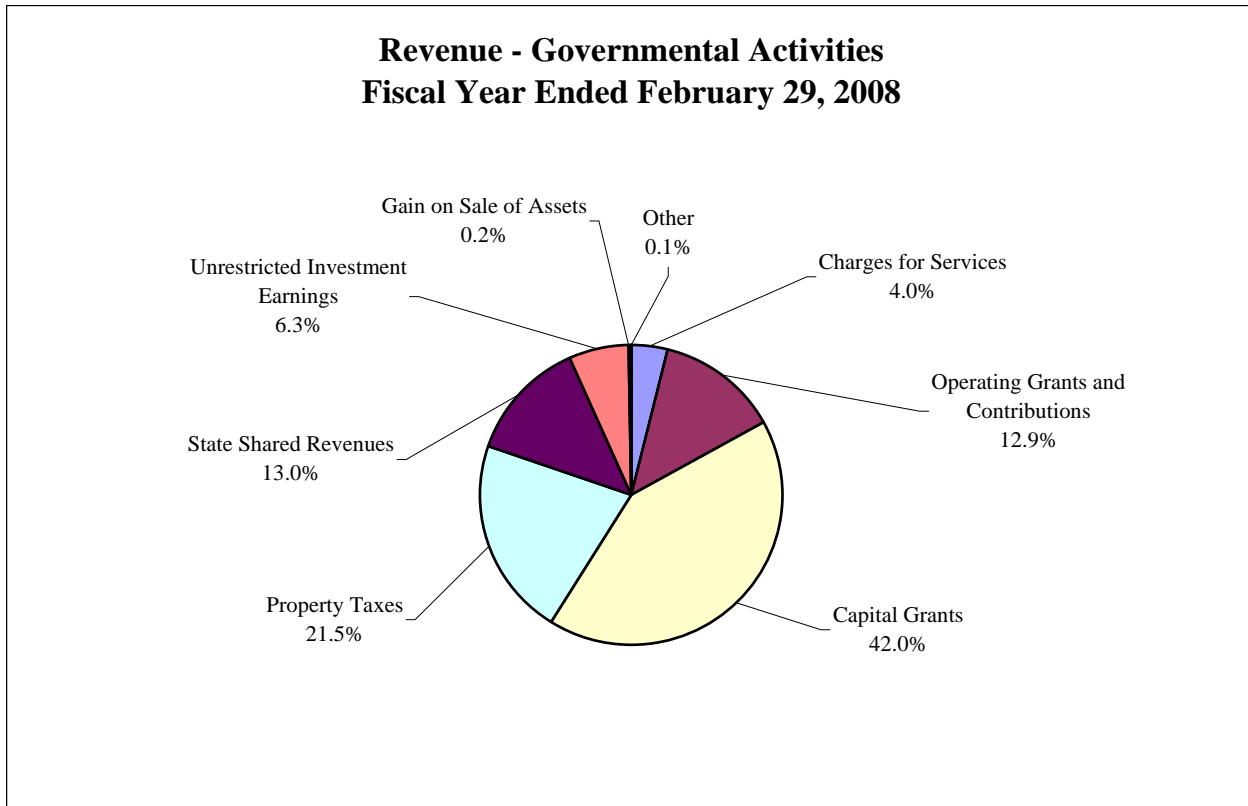
VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

Governmental Activities

The following chart details the revenue sources for the governmental activities of the Village for the fiscal year ended February 29, 2008:



The most significant portion of the revenue for all governmental activities of the Village of Kingsley comes from Capital Grants and Contributions. This figure includes Community Development Block grant money for the Major Streets as well as Contributions from Local Units for the Village Hall/Library Capital Projects Fund.

Property Taxes are a significant portion of the revenue for all governmental activities of the Village. The Village's operating millage in 2007 was 9.9341 mills. The Village's charter allows the Village to levy up to 12.5 mills for operations. Due to State statutes, the Village is currently at its maximum tax levy, and is unable to increase the millage without the approval of the voters.

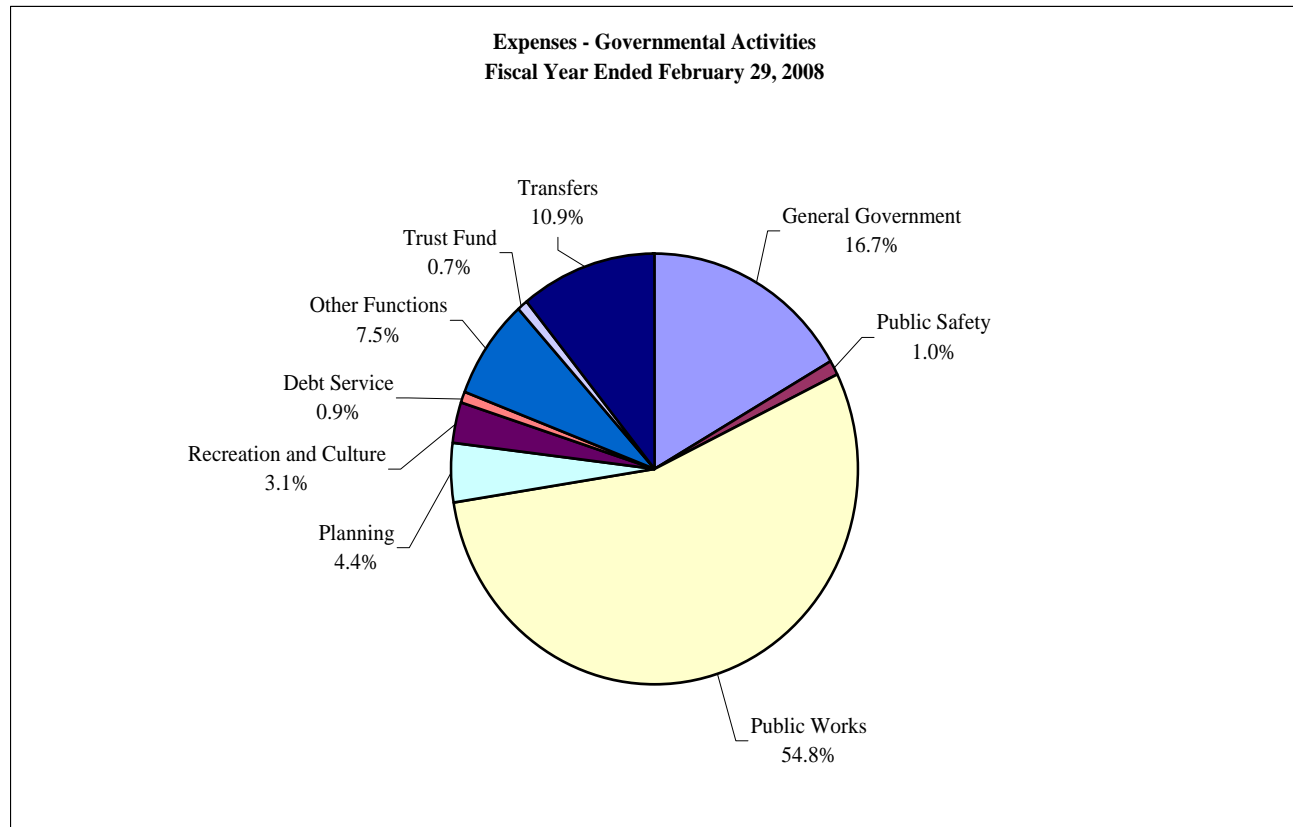
State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2007, the amount of state shared revenue received by the Village increased, representing increased sales tax collections by the State in revenue sharing payments.

The following chart depicts expenses of the governmental activities of the Village for the fiscal year ended February 29, 2008:

VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 29, 2008



The Village's governmental activities expenses are dominated by the Public Works expenses. The Village spent \$367,620 in FY2007/2008 on Public Works. General Government represented the next largest expense at \$112,076 of total expenses within the governmental activities.

Business-Type Activities

The Village's business-type activities accounted for an increase of \$480,276 in the Village's Net Assets, or about 49% of the total growth in the Village's net assets for the fiscal year ended February 29, 2008.

The Business-type activities of the Village include the Water Fund and Sewer Fund, which provide water and sewer utility services to Village residents as well as commercial customers.

Financial Analysis of the Government's Funds

Governmental Activities At the completion of the Village's fiscal year ended February 29, 2008, its governmental funds reported fund balances of \$1,287,213. This amount includes \$50,907 designated for street improvements and \$305,861 for civic improvements. There is no unreserved and undesignated fund balance. The remaining \$930,445 of fund balance of the governmental funds is reserved for specific purposes and is therefore not available for new appropriation.

General Fund – The General Fund is the main operating fund of the Village. The General Fund increased its fund balance in this fiscal year by \$36,279, bringing the balance to \$120,286. All of the General Fund's major functions with the exception of Planning and Recreation and Culture ended the year with expenditures below

VILLAGE OF KINGSLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

appropriated amounts. Property tax revenues in the General Fund increased \$19,770 in 2008. State shared revenue increased by \$17,544 from the amount received in the previous fiscal year.

Major Street Fund – The Major Street Fund completed \$376,835 in Street Construction and Improvements in this fiscal year. The fund balance of the Major Street Fund ended the year at \$50,907. This was a decrease of \$9,721 from the previous year.

Local Street Fund – The Local Street Fund decreased its fund balance in this fiscal year by \$6,878, bringing the balance to \$0.

Proprietary Funds The Village's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

Water Fund – The Water Fund ended this fiscal year with \$462,125 in unrestricted net assets. Charges for services yielded an overall increase in operating revenues of \$23,750. The net assets of this fund increased by \$547,083 in 2008. This fund remains in sound fiscal condition moving forward.

Sewer Fund – The Sewer Fund ended this fiscal year with \$615,819 in unrestricted net assets. Charges for services yielded an overall decrease in operating revenues of \$36,548. The net assets of this fund decreased by \$66,450 in 2008. This fund remains in sound fiscal condition moving forward.

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for the governmental and business-type activities as of February 29, 2008, amounted to \$9,766,602 (net of accumulated depreciation). Capital assets of the Village include any items purchased that cost in excess of \$1,000 and have an expected useful life of over one year. The Village has invested in a broad range of capital assets, as detailed below:

Major capital asset events during FY2007/2008 included the following:

- Major Streets Construction and Improvements \$376,835.
- Water System Improvements \$594,493.

Additional information regarding the Village's capital assets can be found in the Notes to Financial Statements.

VILLAGE OF KINGSLEY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED FEBRUARY 29, 2008

Village of Kingsley Outstanding Debt
Contracts and Revenue Bonds
as of February 29, 2008

	Governmental Activities	Business-Type Activities	Total Primary Government
Contracts and Notes	\$ 16,235	\$ 14,332	\$ 30,567
Revenue Bonds	215,000	1,702,000	1,917,000
Total	<u>\$ 231,235</u>	<u>\$ 1,716,332</u>	<u>\$ 1,947,567</u>

The total debt increased from \$1,706,147 at February 28, 2007, to \$1,947,567 at February 29, 2008, a net increase of \$241,420. More information on the Village's long-term debt is available in the Notes to Financial Statements section of this document.

Economic Condition & Future Outlook

- The Village is constructing a new Library and Village office in the next fiscal year. This will be partially funded through the sale of bonds and contributions from Kingsley Friends of the Library.

Contacting the Village's Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the Village's finances and demonstrate the Village's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Village of Kingsley, P.O. Box 208, Kingsley, Michigan 49649, or call us at (231)263-7778.

VILLAGE OF KINGSLEY, MICHIGAN

STATEMENT OF NET ASSETS
FEBRUARY 29, 2008

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
<u>ASSETS</u>				
Cash	\$ 372,754	\$ 988,972	\$ 1,361,726	\$ 140,897
Investments	752,120	0	752,120	0
Receivables				
Taxes	580	0	580	1,671
Accounts	16,582	40,203	56,785	0
Accrued Interest	2,540	0	2,540	0
Internal Balances	(6,495)	6,495	0	0
Due from Other Governments	394,457	6,290	400,747	695
Prepaid Expenses	22,073	11,999	34,072	0
Total Current Assets	1,554,611	1,053,959	2,608,570	143,263
<u>CAPITAL ASSETS</u>				
Land and Land Improvements	689,620	343,171	1,032,791	0
Buildings and Improvements	276,996	346,375	623,371	0
Machinery and Equipment	526,597	410,678	937,275	0
Office Equipment and Fixtures	22,445	24,938	47,383	0
Infrastructure	2,634,452	0	2,634,452	0
Construction in Progress	44,139	0	44,139	0
Water and Sewer Systems	0	7,384,390	7,384,390	0
	4,194,249	8,509,552	12,703,801	0
Less Accumulated Depreciation	736,030	2,201,169	2,937,199	0
Net Capital Assets	3,458,219	6,308,383	9,766,602	0
<u>OTHER ASSETS</u>				
Bond Issuance Costs	0	11,101	11,101	0
Advances to Other Funds	(143,008)	143,008	0	0
Total Other Assets	(143,008)	154,109	11,101	0
TOTAL ASSETS	\$ 4,869,822	\$ 7,516,451	\$ 12,386,273	\$ 143,263

The accompanying notes are an integral part of the financial statements.

	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS		COMPONENT
	ACTIVITIES	TYPE	TOTALS	UNIT
		ACTIVITIES		
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 53,142	\$ 15,710	\$ 68,852	\$ 0
Retainage Payable	0	82,657	82,657	0
Customer Deposits	9,561	4,350	13,911	0
Accrued Expenditures	3,060	0	3,060	0
Due to Other Governments	5,013	0	5,013	15,162
Internal Balances	(500)	500	0	0
Accrued Interest Payable	0	27,264	27,264	2,420
Deferred Revenue	0	0	0	98,200
Current Portion of Long-Term Debt	16,419	37,332	53,751	5,000
Total Current Liabilities	86,695	167,813	254,508	120,782
<u>LONG-TERM LIABILITIES</u>				
Revenue Bonds - Net of Current Portions	210,000	1,679,000	1,889,000	220,000
Accrued Compensated Absences	4,816	0	4,816	0
Total Long-Term Liabilities	214,816	1,679,000	1,893,816	220,000
TOTAL LIABILITIES	\$ 301,511	\$ 1,846,813	\$ 2,148,324	\$ 340,782
<u>EQUITY</u>				
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 3,289,460	\$ 4,592,051	\$ 7,881,511	\$ 0
Restricted for:				
Endowments	749,294	0	749,294	0
Civic Improvements	33,948	0	33,948	0
Unrestricted	495,609	1,077,587	1,573,196	(197,519)
TOTAL NET ASSET	\$ 4,568,311	\$ 5,669,638	\$ 10,237,949	\$ (197,519)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 29, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNIT
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<u>PRIMARY GOVERNMENT</u>								
<u>GOVERNMENTAL ACTIVITIES</u>								
General Government	\$ 112,076	\$ 44,269	\$ 0	\$ 0	\$ (67,807)	\$ 0	\$ (67,807)	\$ 0
Public Safety	6,872	490	0	0	(6,382)	0	(6,382)	0
Public Works	367,620	0	96,966	145,355	(125,299)	0	(125,299)	0
Planning	29,562	0	0	0	(29,562)	0	(29,562)	0
Recreation and Culture	20,896	2,275	55,441	350,000	386,820	0	386,820	0
Debt Service	5,733	0	0	0	(5,733)	0	(5,733)	0
Other Functions	50,005	0	0	0	(50,005)	0	(50,005)	0
Trust Fund Activities	5,000	0	0	0	(5,000)	0	(5,000)	0
Total Governmental Activities	597,764	47,034	152,407	495,355	97,032	0	97,032	0
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer Systems	567,981	485,141	0	453,510	0	370,670	370,670	0
TOTAL PRIMARY GOVERNMENT	\$ 1,165,745	\$ 532,175	\$ 152,407	\$ 948,865	97,032	370,670	467,702	0
<u>COMPONENT UNIT</u>								
Non-Major Component Units	\$ 50,812	\$ 0	\$ 0	\$ 36,800	0	0	0	(14,012)
<u>GENERAL REVENUES</u>								
Property Tax					253,348	0	253,348	32,812
State Sources					154,027	0	154,027	0
Unrestricted Investment Earnings					74,412	36,727	111,139	6,270
Gain on Sale of Capital Assets					2,551	0	2,551	0
Other					1,568	0	1,568	0
<u>TRANSFERS</u>					(72,879)	72,879	0	0
Total General Revenues					413,027	109,606	522,633	39,082
Change in Net Assets					510,059	480,276	990,335	25,070
<u>NET ASSETS</u> - Beginning of Year					4,058,252	5,189,362	9,247,614	(222,589)
<u>NET ASSETS</u> - End of Year					\$ 4,568,311	\$ 5,669,638	\$ 10,237,949	\$ (197,519)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

FEBRUARY 29, 2008

	GENERAL	MAJOR STREET	LOCAL STREET	RECREATIONAL COMPLEX
<u>ASSETS</u>				
Cash	\$ 215,118	\$ 49,357	\$ 812	\$ 24,947
Investments	0	0	0	0
Receivables				
Taxes	580	0	0	0
Accounts	16,582	0	0	0
Accrued Interest	0	0	0	0
Due from Other Funds	33,718	0	5,781	0
Due from Other Governments	20,800	12,223	5,221	0
Prepaid Expenditures	14,677	647	647	1,970
TOTAL ASSETS	\$ 301,475	\$ 62,227	\$ 12,461	\$ 26,917
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 20,547	\$ 5,539	\$ 5,609	\$ 0
Customer Deposits	9,561	0	0	0
Accrued Expenditures	3,060	0	0	0
Advances to Other Funds	143,008	0	0	0
Due to Other Funds	0	5,781	6,852	0
Due to Other Governments	5,013	0	0	0
Total Liabilities	181,189	11,320	12,461	0
<u>FUND BALANCE</u>				
Reserved for:				
Endowments	0	0	0	0
Prepaid Expenditures	14,677	0	0	0
Advances	105,609	0	0	0
Civic Improvements	0	0	0	26,917
Unreserved:				
Designated for:				
Street Improvements	0	50,907	0	0
Civic Improvements	0	0	0	0
Total Fund Balance	120,286	50,907	0	26,917
TOTAL LIABILITIES AND FUND BALANCE	\$ 301,475	\$ 62,227	\$ 12,461	\$ 26,917

The accompanying notes are an integral part of the financial statements.

SOUTH BROWNSON	CLARK WHIPPLE	VILLAGE HALL/ LIBRARY	2007 DEBT SERVICE	OIL, GAS AND MINERAL	TOTALS
\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,582	\$ 318,816
0	0	0	0	752,120	752,120
0	0	0	0	0	580
0	0	0	0	0	16,582
0	0	0	0	2,540	2,540
500	0	0	0	0	39,999
6,213	0	350,000	0	0	394,457
0	0	0	0	0	17,941
<u>\$ 6,713</u>	<u>\$ 0</u>	<u>\$ 350,000</u>	<u>\$ 0</u>	<u>\$ 783,242</u>	<u>\$ 1,543,035</u>
\$ 0	\$ 0	\$ 17,134	\$ 0	\$ 0	\$ 48,829
0	0	0	0	0	9,561
0	0	0	0	0	3,060
0	0	0	0	0	143,008
6,713	0	27,005	0	0	46,351
0	0	0	0	0	5,013
<u>6,713</u>	<u>0</u>	<u>44,139</u>	<u>0</u>	<u>0</u>	<u>255,822</u>
0	0	0	0	749,294	749,294
0	0	0	0	0	14,677
0	0	0	0	0	105,609
0	0	0	0	33,948	60,865
0	0	0	0	0	50,907
0	0	305,861	0	0	305,861
<u>0</u>	<u>0</u>	<u>305,861</u>	<u>0</u>	<u>783,242</u>	<u>1,287,213</u>
<u>\$ 6,713</u>	<u>\$ 0</u>	<u>\$ 350,000</u>	<u>\$ 0</u>	<u>\$ 783,242</u>	<u>\$ 1,543,035</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FEBRUARY 29, 2008

Total Fund Balances for Governmental Funds	\$ 1,287,213
--	--------------

Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land and Land Improvements	\$ 689,620	
Buildings and Improvements	276,996	
Machinery and Equipment	183,442	
Office Equipment and Fixtures	22,445	
Infrastructure	2,634,452	
Construction In Progress	44,139	
Accumulated Depreciation and Amortization	<u>(552,383)</u>	3,298,711

Internal service funds are used by management to charge costs of Village
maintenance equipment to individual funds. The assets and liabilities
of the internal service funds are included in governmental activities
in the Statement of Net Assets. 213,265

Internal service funds are used by management to charge costs of
certain activities, such as equipment rental, to individual funds. The net
result of the look-back adjustment as it relates to enterprise fund customers
are treated as interfund payables and receivables between governmental
activities and business-type activities. 357

Long-term liabilities are not due and payable in the current period
and therefore are not reported in the funds.

General Obligation Bonds Payable	(215,000)	
Notes Payable	(11,419)	
Compensated Absences	<u>(4,816)</u>	(231,235)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,568,311</u>
---------------------------------------	---------------------

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED FEBRUARY 29, 2008

	GENERAL	MAJOR STREET	LOCAL STREET	RECREATIONAL COMPLEX
<u>REVENUES</u>				
Taxes	\$ 253,348	\$ 0	\$ 0	\$ 0
Licenses and Permits	9,474	0	0	0
Federal Grants	0	145,355	0	0
State Grants	149,575	68,035	33,383	16,903
Contributions from Local Units	0	0	0	38,500
Interest and Rents	44,704	2,207	456	963
Other Revenue	102,659	0	0	2,632
Total Revenues	559,760	215,597	33,839	58,998
<u>EXPENDITURES</u>				
Legislative	25,145	0	0	0
General Government	165,866	0	0	0
Public Safety	6,872	0	0	0
Public Works	202,946	439,358	56,498	0
Planning	29,562	0	0	0
Recreation and Culture	1,350	0	0	56,307
Debt Service	0	0	0	0
Other Functions	66,242	0	0	0
Trust Fund Activities	0	0	0	0
Total Expenditures	497,983	439,358	56,498	56,307
Excess (Deficiency) of Revenues Over Expenditures	61,777	(223,761)	(22,659)	2,691
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond Proceeds	0	0	0	0
Transfers In	435	227,321	15,781	12,500
Transfers Out	(25,933)	(13,281)	0	0
Total Other Financing Sources (Uses)	(25,498)	214,040	15,781	12,500
Net Change in Fund Balance	36,279	(9,721)	(6,878)	15,191
<u>FUND BALANCE</u> - Beginning of Year	84,007	60,628	6,878	11,726
<u>FUND BALANCE</u> - End of Year	\$ 120,286	\$ 50,907	\$ 0	\$ 26,917

The accompanying notes are an integral part of the financial statements.

SOUTH BROWNSON	CLARK WHIPPLE	VILLAGE HALL / LIBRARY	2007 DEBT SERVICE	OIL, MINERAL AND GAS	TOTALS
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 253,348
0	0	0	0	0	9,474
0	0	0	0	0	145,355
0	0	0	0	0	267,896
0	0	350,000	0	0	388,500
0	0	0	0	61,367	109,697
0	0	0	0	0	105,291
0	0	350,000	0	61,367	1,279,561
0	0	0	0	0	25,145
0	0	0	0	0	165,866
0	0	0	0	0	6,872
0	0	0	0	0	698,802
0	0	0	0	0	29,562
0	0	44,139	0	0	101,796
0	0	0	5,733	0	5,733
0	0	0	0	0	66,242
0	0	0	0	5,000	5,000
0	0	44,139	5,733	5,000	1,105,018
0	0	305,861	(5,733)	56,367	174,543
0	215,000	0	0	0	215,000
0	0	0	5,733	0	261,770
0	(215,000)	0	0	(80,435)	(334,649)
0	0	0	5,733	(80,435)	142,121
0	0	305,861	0	(24,068)	316,664
0	0	0	0	807,310	970,549
\$ 0	\$ 0	\$ 305,861	\$ 0	\$ 783,242	\$ 1,287,213

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 29, 2008

Net Change in Fund Balance - Total Governmental Funds		\$ 316,664
Amounts reported for governmental activities are different because:		
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation in the statement of activities.		
Depreciation Expense	\$ (79,875)	
Capital Outlay	<u>471,483</u>	391,608
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).		16,237
Loan proceeds provide current financial resources to governmental funds by issuing debt which increases long-term debt in the Statement of Net Assets.		(215,000)
Employees compensated absences are reported on the accrual method in the statement of activities, and recorded as expenditures when financial resources are used in the governmental funds.		
Compensated Absences - Beginning of Year	4,183	
Compensated Absences - End of Year	<u>(4,816)</u>	(633)
Internal service funds are used by management to charge costs of the motor pool, to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities.		<u>1,183</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 510,059</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
FEBRUARY 29, 2008

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL
	MAJOR FUNDS			SERVICE
	WATER	SEWER	TOTAL	FUND
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 534,444	\$ 454,528	\$ 988,972	\$ 53,938
Receivables				
Accounts	9,172	31,031	40,203	0
Due from Other Funds	0	6,852	6,852	0
Due from Other Governments	6,290	0	6,290	0
Prepaid Expense	4,373	7,626	11,999	4,132
Total Current Assets	554,279	500,037	1,054,316	58,070
<u>NONCURRENT ASSETS</u>				
<u>CAPITAL ASSETS</u>				
Land and Land Improvements	30,928	312,243	343,171	0
Buildings and Improvements	37,521	308,854	346,375	0
Machinery and Equipment	6,679	403,999	410,678	343,155
Office Equipment and Fixtures	0	24,938	24,938	0
Water and Sewer Systems	3,064,212	4,320,178	7,384,390	0
	3,139,340	5,370,212	8,509,552	343,155
Less Accumulated Depreciation	688,823	1,512,346	2,201,169	183,647
Net Capital Assets	2,450,517	3,857,866	6,308,383	159,508
<u>OTHER ASSETS</u>				
Bond Issuance Costs (Net of Amortization)	11,101	0	11,101	0
Advances to Other Funds	0	143,008	143,008	0
Total Other Assets	11,101	143,008	154,109	0
TOTAL ASSETS	3,015,897	4,500,911	7,516,808	217,578

The accompanying notes are an integral part of the financial statements.

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			INTERNAL
	MAJOR FUNDS			SERVICE
	WATER	SEWER	TOTAL	FUND
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	5,795	9,915	15,710	4,313
Retainage Payable	82,657	0	82,657	0
Customer Deposits	4,350	0	4,350	0
Due to Other Funds	500	0	500	0
Bonds Payable - Current	10,000	13,000	23,000	0
Installment Purchase Agreement - Current	14,332	0	14,332	0
Accrued Interest Payable	9,953	17,311	27,264	0
Total Current Liabilities	127,587	40,226	167,813	4,313
<u>LONG-TERM LIABILITIES - Net of Current Portion</u>				
Revenue Bonds	505,000	1,174,000	1,679,000	0
TOTAL LIABILITIES	632,587	1,214,226	1,846,813	4,313
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	1,921,185	2,670,866	4,592,051	159,508
Unrestricted	462,125	615,819	1,077,944	53,757
TOTAL NET ASSETS	\$ 2,383,310	\$ 3,286,685	\$ 5,669,995	\$ 213,265

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET ASSETS
FEBRUARY 29, 2008

Total Net Assets - Total Proprietary Funds	\$ 5,669,995
--	--------------

Amounts reported for proprietary activities in the statement of
net assets are different because:

Internal service funds are used by management to charge costs of
equipment rental to individual funds. The assets and liabilities
of the internal service funds are allocated to business type activities
This creates an internal balance referred to as the crossover amount
which needs to be adjusted for.

(357)

NET ASSETS OF PROPRIETARY FUNDS	<u>\$ 5,669,638</u>
---------------------------------	---------------------

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED FEBRUARY 29, 2008

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			INTERNAL
	<u>MAJOR FUNDS</u>			SERVICE
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>FUND</u>
<u>OPERATING REVENUES</u>				
Operating Revenues	\$ 192,101	\$ 282,440	\$ 474,541	\$ 75,764
<u>OPERATING EXPENSES</u>				
Salaries and Wages	36,579	16,949	53,528	14,815
Contracted Services	13,549	88,964	102,513	0
Operating Supplies	7,125	297	7,422	10,388
Meters	1,858	0	1,858	0
Postage and Office Supplies	1,640	1,280	2,920	2,513
Bank Service Charges	20	42	62	0
Professional Services	2,400	21,296	23,696	4,798
Legal Fees	0	313	313	0
Permits and Fees	0	3,650	3,650	0
Education and Training	125	0	125	0
Communications	294	0	294	0
Printing and Publishing	1,472	122	1,594	0
Insurance and Bonds	5,691	4,421	10,112	7,541
Utilities	17,030	33,423	50,453	0
Repairs and Maintenance	4,647	0	4,647	7,635
Equipment Rental	9,885	5,777	15,662	0
Testing	1,077	0	1,077	0
Dues	1,847	523	2,370	0
Miscellaneous	0	0	0	210
Depreciation	63,112	141,931	205,043	31,079
Total Operating Expenses	168,351	318,988	487,339	78,979
Operating Income (Loss)	23,750	(36,548)	(12,798)	(3,215)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED FEBRUARY 29, 2008

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			INTERNAL
	MAJOR FUNDS			SERVICE
	WATER	SEWER	TOTAL	FUND
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest Income	19,064	17,663	36,727	2,129
Interest Expense	(27,420)	(52,865)	(80,285)	(639)
User Contributions	5,300	5,300	10,600	0
Gain on Sale of Assets	0	0	0	2,551
Total Nonoperating Revenues (Expenses)	(3,056)	(29,902)	(32,958)	4,041
Net Income (Loss)	20,694	(66,450)	(45,756)	826
Community Development Block Grant	453,510	0	453,510	0
Transfers In (Out):				
General Fund	5,200	0	5,200	0
Oil & Gas Trust Fund	80,000	0	80,000	0
Major Streets	(12,321)	0	(12,321)	0
	526,389	0	526,389	0
Change in Net Assets	547,083	(66,450)	480,633	826
<u>TOTAL NET ASSETS</u> - Beginning of Year	1,836,227	3,353,135	5,189,362	212,439
<u>TOTAL NET ASSETS</u> -End of Year	\$ 2,383,310	\$ 3,286,685	\$ 5,669,995	\$ 213,265

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 29, 2008

Net Change in Fund Net Assets - Total Proprietary Funds	\$ 480,633
---	------------

Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge costs of the motor pool to individual funds. The net revenue (expense) of internal service fund is reported with governmental type activities. This creates an internal balance referred to as the crossover amount that needs to be adjusted for.

(357)

CHANGE IN NET ASSETS OF PROPRIETARY FUNDS	<u>\$ 480,276</u>
---	-------------------

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 29, 2008

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			INTERNAL
	MAJOR FUNDS			SERVICE
	WATER	SEWER	TOTAL	FUND
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 190,084	\$ 298,727	\$ 488,811	\$ 0
Cash Received from Interfund Services Provided	0	0	0	79,166
Cash Payments to Suppliers for Goods and Services	(18,350)	(174,976)	(193,326)	(88,272)
Net Cash Provided by (Used for) Operating Activities	171,734	123,751	295,485	(9,106)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(594,493)	0	(594,493)	0
Grant Proceeds	453,510	0	453,510	0
User Contributions	5,300	5,300	10,600	0
Bond Proceeds	265,000	0	265,000	0
Principal Paid on Bonds	(170,000)	(12,000)	(182,000)	0
Principal Paid on Installment Loans	(13,322)	(27,654)	(40,976)	0
Interest Paid on Bonds	(25,521)	(52,193)	(77,714)	0
Interest Paid on Installment Loans	(928)	(846)	(1,774)	0
Proceeds on Sale of Capital Assets	0	0	0	2,551
Payments Received on Advances to Other Funds	0	6,000	6,000	0
Transfer to General Fund	72,879	0	72,879	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	(7,575)	(81,393)	(88,968)	2,551
Cash Flows from Investing Activities				
Interest Income	19,064	17,663	36,727	1,490
Net Increase (Decrease) in Cash and Cash Equivalents	183,223	60,021	243,244	(5,065)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	351,221	394,507	745,728	59,003
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 534,444	\$ 454,528	\$ 988,972	\$ 53,938

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 29, 2008

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			INTERNAL
	<u>MAJOR FUNDS</u>			SERVICE
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>FUND</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ 23,750	\$ (36,548)	\$ (12,798)	\$ (3,215)
Adjustments to Reconcile Operating Income to Net				
Cash Provided by Operating Activities:				
Depreciation and Amortization	63,112	141,931	205,043	31,079
(Increase) Decrease in Current Assets				
Accounts Receivable	4,273	3,548	7,821	0
Prepaid Expenses	(496)	216	(280)	(698)
Due from Other Funds	(6,290)	12,739	6,449	4,100
Increase (Decrease) in Current Liabilities				
Accounts Payable	4,653	1,865	6,518	(40,372)
Retainage Payable	82,657	0	82,657	0
Customer Deposits	(425)	0	(425)	0
Due to Other Funds	500	0	500	0
Total Adjustments	147,984	160,299	308,283	(5,891)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 171,734	\$ 123,751	\$ 295,485	\$ (9,106)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNIT

STATEMENT OF NET ASSETS
FEBRUARY 29, 2008

	<u>DOWNTOWN DEVELOPMENT AUTHORITY</u>
<u>ASSETS</u>	
Cash	\$ 140,897
Receivables	
Taxes	1,671
Due from Other Governments	<u>695</u>
 TOTAL ASSETS	 <u><u>\$ 143,263</u></u>
 <u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Due to Other Governments	\$ 15,162
Deferred Revenue	98,200
Bonds Payable-Current Portion	5,000
Accrued Interest Payable	<u>2,420</u>
 Total Current Liabilities	 <u>120,782</u>
 <u>LONG TERM LIABILITIES - Net of Current Portion</u>	
Revenue Bonds	<u>220,000</u>
 TOTAL LIABILITIES	 <u>340,782</u>
 <u>NET ASSETS:</u>	
Unrestricted (Deficit)	<u>(197,519)</u>
 TOTAL NET ASSETS AND LIABILITIES	 <u><u>\$ 143,263</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN
COMPONENT UNIT

STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 29, 2008

PROGRAM REVENUES

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	TOTALS
<u>Nonmajor Component Unit</u>				
<u>Downtown Development Authority</u>	\$ 50,812	\$ 0	\$ 36,800	\$ (14,012)

GENERAL REVENUES

Property Tax	32,812
Investment Earnings	<u>6,270</u>
Total General Revenues	<u>39,082</u>
Change in Net Assets	25,070
<u>NET ASSETS</u> - Beginning of Year (Deficit)	<u>(222,589)</u>
<u>NET ASSETS</u> - End of Year (Deficit)	<u><u>\$ (197,519)</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Kingsley, Michigan, is a general law village incorporated under the General Village Act of 1895. As required by generally accepted accounting principles, these financial statements present all activities of the Village. Entities for which the Village is considered to be financially accountable are called component units. The Village has one component unit, the Downtown Development Authority.

B. Government-wide and Fund Financial Statements

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Village of Kingsley reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

The *Local Street Fund* receives all local street money paid to the Village by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The *Recreation Complex Capital Projects Fund*, *South Brownson Capital Projects Fund*, *Clark/Whipple Capital Projects Fund*, and *Village Hall/Library Capital Projects Fund* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Oil, Gas and Mineral Trust Fund* is a *permanent fund* and uses the accrual method of accounting. Permanent funds account for assets that are legally restricted to the extent that only the earnings, and not the principal, may be used.

The *2007 Debt Service Fund* account for the servicing of long-term debt not being financed by proprietary or nonexpendable trust funds.

The Village of Kingsley reports the following major proprietary funds:

The *Water Fund* and *Sewer Fund* record financial activity of the water system which provides water to customers and the operations of the Village's sanitary sewer system.

Additionally the Village of Kingsley reports the following fund types:

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Funds and of the Village's internal service fund are charges to customers for sales

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

and services. Operating expenses for enterprise funds and for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - The Village's investment policy is in compliance with state law and authorizes the Village to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes.

Investments are stated at fair value which is determined using selected bases. Securities traded on a national exchange are valued at the last reported sales price. Managed funds not listed on an established market are reported at fair value as determined by the respective fund managers based on quoted prices of underlying securities.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. Village taxes are levied and due July 1, and become delinquent after August 14. Village property tax revenues are recognized when they become both measurable and available for use to finance Village operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

The 2007 taxable valuation of the Village of Kingsley totaled \$25,267,005, on which ad valorem taxes levied consisted of 9.9341 mills for the Village of Kingsley operating purposes.

3. *Inventories and Prepaid Items*

Inventories are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component unit are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and Improvements	50
Land Improvements	20
Machinery and Equipment	5-10
Office Equipment and Fixtures	5-10
Infrastructure	50
Water and Sewer Systems	30-50

5. *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

6. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Prior to March 1, the Village Clerk submits to the Village Council a proposed operating budget for all governmental funds for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The Village Council holds a public hearing and adopts a resolution approving the budgets.
3. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Village Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

4. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
5. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the Village Council from time to time throughout the year.
6. Encumbrance accounting is not employed in governmental funds.

B. Major funds with expenditures in excess of appropriations were as follows:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Planning	\$ 29,500	\$ 29,562
Recreation and Culture	0	1,350
Local Street Fund		
Local Street Fund	52,300	56,498
Recreational Complex Capital Projects Fund		
Recreation and Culture	38,150	56,307

These overages were funded by greater than anticipated revenues or beginning fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Village's deposits and investments are on deposit with various institutions.

Investment rate risk. The Village will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Village's cash requirements.

Foreign currency risk. The Village does not have a policy on this type of risk.

Credit risk. The Village will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Village's investment policy; and pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the Village will do business in accordance with the Village's investment policy.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

Concentration of credit risk. The Village will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of February 29, 2008, \$867,597 of the Village's balance of \$1,371,684 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of the same date, none of the discretely presented component unit's balance of \$141,820 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Village's investments in U.S. Government Securities, Corporate Bonds and Notes, Stocks and Government Notes, totaling \$752,120 have custodial credit risk exposure because they are uninsured, and unregistered and the securities are held by brokers in the Village's name.

As of February 29, 2008, the Village had the following investments:

	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>
Investments - Primary Government		
U.S. Government		
Securities	\$ 430,843	\$ 430,843
Mutual Funds	321,277	321,277
	<u>\$ 752,120</u>	<u>\$ 752,120</u>

A reconciliation of cash and investments follows:

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

	PRIMARY GOVERNMENT	COMPONENT UNIT
Cash on Hand	\$ 250	\$ 0
Carrying amount of Deposits	1,361,476	140,897
Carrying amount of Investments	752,120	0
	<hr/>	<hr/>
Total	\$ 2,113,846	\$ 140,897
	<hr/> <hr/>	<hr/> <hr/>
Government-wide Statement of Net Assets		
Cash	\$ 1,361,726	\$ 0
Investments	752,120	0
Statement of Component Unit Net Assets		
Cash	0	140,897
	<hr/>	<hr/>
Total	\$ 2,113,846	\$ 140,897
	<hr/> <hr/>	<hr/> <hr/>

B. Receivables

Receivables as of year end for the government's individual major funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Major Street	Oil, Gas and Mineral Trust	Local Street	South Brownson	Village Hall / Library	Water	Sewer	Total
Receivables									
Taxes	\$ 580	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 580
Accounts	16,582	0	0	0	0	0	9,172	31,031	56,785
Accrued Interest	0	0	2,540	0	0	0	0	0	2,540
Due from Other									
Governments	20,800	12,223	0	5,221	6,213	350,000	6,290	0	400,747
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Receivables	\$ 37,962	\$ 12,223	\$ 2,540	\$ 5,221	\$ 6,213	\$ 350,000	\$ 15,462	\$ 31,031	\$ 460,652
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

By ordinance, the Village can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

C. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 213,337	\$ 10,577	\$ 0	\$ 223,914
Construction in Progress	0	44,139	0	44,139
Total Capital Assets, not being depreciated	213,337	54,716	0	268,053
Capital assets, being depreciated				
Buildings and Improvements	270,069	6,927	0	276,996
Land Improvements	451,426	14,280	0	465,706
Machinery and Equipment	164,717	18,725	0	183,442
Office Equipment and Fixtures	22,445	0	0	22,445
Infrastructure	2,257,617	376,835	0	2,634,452
Total capital assets, being depreciated	3,166,274	416,767	0	3,583,041
Less accumulated depreciation for:				
Buildings and Improvements	39,356	7,116	0	46,472
Land Improvements	109,298	18,797	0	128,095
Machinery and Equipment	89,046	8,452	0	97,498
Office Equipment and Fixtures	21,805	283	0	22,088
Infrastructure	213,003	45,227	0	258,230
Total accumulated depreciation	472,508	79,875	0	552,383
Total capital assets, being depreciated, net	2,693,766	336,892	0	3,030,658
Governmental activities capital assets, net	\$ 2,907,103	\$ 391,608	\$ 0	3,298,711
Internal Service Fund net capital assets	\$ 190,587	\$ 0	\$ 31,079	159,508
Net Capital Assets per Statement of Net Assets				<u>\$ 3,458,219</u>

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 251,496	\$ 0	\$ 0	\$ 251,496
Total capital assets, not being depreciated	251,496	0	0	251,496
Capital assets, being depreciated				
Buildings and Improvements	346,375	0	0	346,375
Land Improvements	91,675	0	0	91,675
Machinery and Equipment	410,678	0	0	410,678
Office Equipment and Fixtures	24,938	0	0	24,938
Water and Sewer Systems	6,789,897	594,493	0	7,384,390
Total capital assets, being depreciated	7,663,563	594,493	0	8,258,056
Less accumulated depreciation				
Buildings and Improvements	12,406	10,713	0	23,119
Land Improvements	19,749	1,375	0	21,124
Machinery and Equipment	159,081	30,270	0	189,351
Office Equipment and Fixtures	2,405	1,960	0	4,365
Water and Sewer Systems	1,802,485	160,725	0	1,963,210
Total capital assets, being depreciated	1,996,126	205,043	0	2,201,169
Total capital assets, being depreciated, net	5,667,437	389,450	0	6,056,887
Business-type activities net capital assets	\$ 5,918,933	\$ 389,450	\$ 0	\$ 6,308,383

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 21,412
Public Works	44,715
Recreation and Culture	13,748
Total depreciation expense - governmental activities	<u>\$ 79,875</u>

Business-type activities

Water and Sewer	<u>\$ 205,043</u>
-----------------	-------------------

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at February 29, 2008, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 33,718	\$ 0
Special Revenue Funds		
Major Street Fund	0	5,781
Local Street Fund	5,781	6,852
Capital Projects Fund		
South Brownson Capital Projects Fund	500	6,713
Clark/Whipple Capital Projects Fund	0	
Village Hall/Library Capital Projects Fund	0	27,005
Enterprise Funds		
Sewer Fund	6,852	0
Water Fund	0	500
	<u>\$ 46,851</u>	<u>\$ 46,851</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at February 29, 2008, are expected to be repaid within one year.

Interfund Transfers as of February 29, 2008, were:

	<u>TRANSFERS</u>	
	<u>IN</u>	<u>OUT</u>
Primary Government		
General Fund	\$ 435	\$ 25,933
Major Street Fund	12,321	13,281
Local Street Fund	15,781	0
Recreational Complex Capital Projects Fund	12,500	0
Clark/Whipple Capital Projects Fund	0	215,000
2007 Debt Service Fund	5,733	0
Oil, Gas and Mineral Trust Fund	0	80,435
Water Fund	300,200	12,321
	<u>\$ 346,970</u>	<u>\$ 346,970</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-Term Debt

1. Primary Government

The following is a summary of debt transactions of the Village of Kingsley for the year ended February 29, 2008:

Governmental Activities:

	REVENUE BONDS	INSTALLMENT PURCHASE AGREEMENTS	COMPENSATED ABSENCES	TOTAL
Debt Payable at March 1, 2007	\$1,619,000	\$ 82,964	\$ 4,183	\$1,706,147
New Debt Incurred	480,000	0	633	480,633
Debt Retired	182,000	57,213	0	239,213
Debt Payable at February 29, 2008	<u>\$1,917,000</u>	<u>\$ 25,751</u>	<u>\$ 4,816</u>	<u>\$1,947,567</u>
Due within one year	<u>\$ 33,000</u>	<u>\$ 25,751</u>	<u>\$ 0</u>	<u>\$ 58,751</u>

Debt payable at February 29, 2008, is comprised of the following individual issues:

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

Revenue Bonds:

\$1,222,000 Junior Lien Sewer Revenue Bonds, due in annual installments of \$13,000 to \$65,000 through May 1, 2044; plus interest at 4.375%.	\$ 1,187,000
\$250,000 Junior Lien Water Revenue Bonds due in annual installments of \$5,000 to \$20,000 through October 1, 2024; plus interest at 3.35% to 5.00%	250,000
\$265,000 Junior Lien Water Revenue bonds due in annual installments of \$10,000 to \$20,000 through October 1, 2024; plus interest at 4.85%	265,000
\$215,000 Limited Tax General Obligation, Series 2007 bonds due in installments of \$5,000 to \$17,000 through August 1, 2027; plus interest at 4.85%	215,000

Notes Payable:

\$125,000 Department of Public Works Installment Agreement payable in annual installments of \$2,850 including interest at 4.40%.	25,751
---	--------

Other Long-Term Debt:

Accumulated sick pay owed to Village employees	<u>4,816</u>
	<u><u>\$ 1,947,567</u></u>

The annual requirements to amortize these debts outstanding other than compensated absences as of February 29, 2008, including interest payments of \$1,589,834, are as follows:

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

YEAR ENDING FEBRUARY 28,	REVENUE BONDS	INSTALLMENT PURCHASE AGREEMENTS	TOTAL
2009			
PRINCIPAL	\$ 28,000	\$ 25,751	\$ 53,751
INTEREST	85,733	1,422	87,155
TOTAL	113,733	27,173	140,906
2010			
PRINCIPAL	35,000	0	35,000
INTEREST	84,394	0	84,394
TOTAL	119,394	0	119,394
2011			
PRINCIPAL	36,000	0	36,000
INTEREST	82,816	0	82,816
TOTAL	118,816	0	118,816
2012			
PRINCIPAL	37,000	0	37,000
INTEREST	81,186	0	81,186
TOTAL	118,186	0	118,186
2013			
PRINCIPAL	44,000	0	44,000
INTEREST	79,482	0	79,482
TOTAL	123,482	0	123,482
2014-2018			
PRINCIPAL	300,000	0	300,000
INTEREST	361,473	0	361,473
TOTAL	661,473	0	661,473
2019-2023			
PRINCIPAL	365,000	0	365,000
INTEREST	286,482	0	286,482
TOTAL	651,482	0	651,482
2024-2028			
PRINCIPAL	293,000	0	293,000
INTEREST	200,755	0	200,755
TOTAL	493,755	0	493,755

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

YEAR ENDING FEBRUARY 28,	REVENUE BONDS	INSTALLMENT PURCHASE AGREEMENT	TOTAL
2029-2033			
PRINCIPAL	171,000	0	171,000
INTEREST	152,361	0	152,361
TOTAL	323,361	0	323,361
2034-2038			
PRINCIPAL	215,000	0	215,000
INTEREST	110,359	0	110,359
TOTAL	325,359	0	325,359
2039-2043			
PRINCIPAL	267,000	0	267,000
INTEREST	57,771	0	57,771
TOTAL	324,771	0	324,771
2044-2048			
PRINCIPAL	126,000	0	126,000
INTEREST	5,600	0	5,600
TOTAL	131,600	0	131,600
GRAND TOTAL			
PRINCIPAL	1,917,000	25,751	1,942,751
INTEREST	1,588,412	1,422	1,589,834
TOTAL	\$ 3,505,412	\$ 27,173	\$ 3,532,585

2. Component Units

The following is a summary of debt transactions of the Village of Kingsley's discretely presented component units for the year ended February 29, 2008.

	TAX INCREMENT BOND
Debt Payable at March 1, 2007	\$ 230,000
New Debt Incurred	0
Debt Retired	(5,000)
Debt Payable at February 29, 2008	\$ 225,000
Due within one year	\$ 5,000

Debt Payable at February 29, 2008, is comprised of the following issues:

\$230,000 Downtown Development Authority Tax Increment Bonds, Series 2006 due in annual installments of \$5,000 to \$20,000 through June 1, 2025; interest at 3.80 to 4.80 percent.	\$ 225,000
---	------------

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2008

The annual requirements to amortize this debt as of February 29, 2008, are as follows:

<u>YEAR</u> <u>ENDING FEBRUARY 29,</u>	<u>TOTAL</u>
2009	
PRINCIPAL	\$ 5,000
INTEREST	9,585
TOTAL	<u>14,585</u>
2010	
PRINCIPAL	5,000
INTEREST	9,393
TOTAL	<u>14,393</u>
2011	
PRINCIPAL	10,000
INTEREST	9,100
TOTAL	<u>19,100</u>
2012	
PRINCIPAL	10,000
INTEREST	8,705
TOTAL	<u>18,705</u>
2013	
PRINCIPAL	10,000
INTEREST	8,305
TOTAL	<u>18,305</u>
2014-2018	
PRINCIPAL	55,000
INTEREST	35,335
TOTAL	<u>90,335</u>
2019-2023	
PRINCIPAL	75,000
INTEREST	21,192
TOTAL	<u>96,192</u>
2024-2026	
PRINCIPAL	55,000
INTEREST	4,155
TOTAL	<u>59,155</u>
GRAND TOTAL	
PRINCIPAL	225,000
INTEREST	105,770
TOTAL	<u>\$ 330,770</u>

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

IV. OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

The Village participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and worker's disability compensation. The pools are considered public entity risk pools. The Village pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The Village has not been informed to any special assessments being required for the current year or the three prior years.

The Village continued to carry commercial insurance for other risks of loss, including employee health and accident insurance.

B. Construction Commitments

The Village had construction commitments of approximately \$291,300 for the M-113 project at February 29, 2008.

C. Prior Period Adjustment

During the current year it was determined that in the prior year an advance from the Sewer Fund to the General Fund for land was improperly recorded. To correct this error, beginning fund balance of the General Fund decreased by \$150,008 and the beginning fund balance of the Sewer Fund increased by \$149,008 (\$1,000 of the advance was already accounted for on the balance sheet).

D. Retirement Benefits

Retirement benefits are provided to full-time Village employees through contributions to individual retirement accounts. Such contributions equal three percent of each employee's base pay. Individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which would be included as part of the Village reporting entity. Covered wages were \$159,382 and total wages were \$190,478.

VILLAGE OF KINGSLEY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED FEBRUARY 29, 2008

	GENERAL FUND			MAJOR STREET FUND			LOCAL STREET FUND			RECREATIONAL COMPLEX CAPITAL PROJECT FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Taxes	\$ 240,750	\$ 240,750	\$ 253,348	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	9,150	9,150	9,474	0	0	0	0	0	0	0	0	0
Federal Grants	0	0	0	0	0	145,355	0	0	0	0	0	0
State Grants	110,000	110,000	149,575	70,000	70,000	68,035	33,000	33,000	33,383	0	0	16,903
Contributions from Local Units	0	0	0	0	0	0	0	0	0	0	0	38,500
Interest and Rents	35,000	35,000	44,704	3,000	3,000	2,207	800	800	456	1,500	1,500	963
Other Revenue	122,825	122,825	102,659	0	0	0	0	0	0	0	0	2,632
Total Revenues	517,725	517,725	559,760	73,000	73,000	215,597	33,800	33,800	33,839	1,500	1,500	58,998
Legislative	40,000	40,000	25,145	0	0	0	0	0	0	0	0	0
General Government	237,400	237,400	165,866	0	0	0	0	0	0	0	0	0
Public Safety	7,500	7,500	6,872	0	0	0	0	0	0	0	0	0
Public Works	247,000	247,000	202,946	135,500	135,500	79,003	52,300	52,300	56,498	0	0	0
Planning	29,500	29,500	29,562	0	0	0	0	0	0	0	0	0
Recreation and Culture	0	0	1,350	0	0	0	0	0	0	38,150	38,150	56,307
Other Functions	203,400	203,400	66,242	0	0	0	0	0	0	0	0	0
Total Expenditures	764,800	764,800	497,983	135,500	135,500	79,003	52,300	52,300	56,498	38,150	38,150	56,307
Excess (Deficiency) of Revenues Over Expenditures	(247,075)	(247,075)	61,777	(62,500)	(62,500)	136,594	(18,500)	(18,500)	(22,659)	(36,650)	(36,650)	2,691
Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Transfers In	0	0	435	0	0	12,321	7,500	7,500	15,781	27,150	27,150	12,500
Transfers Out	(12,000)	(12,000)	(25,933)	(7,500)	(7,500)	(13,281)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(12,000)	(12,000)	(25,498)	(7,500)	(7,500)	(960)	7,500	7,500	15,781	27,150	27,150	12,500
Net Change in Fund Balance	(259,075)	(259,075)	36,279	(70,000)	(70,000)	135,634	(11,000)	(11,000)	(6,878)	(9,500)	(9,500)	15,191
<u>FUND BALANCE</u> - Beginning of Year	249,075	249,075	233,015	70,000	70,000	60,628	11,000	11,000	6,878	11,000	11,000	11,726
<u>FUND BALANCE</u> - End of Year	\$ (10,000)	\$ (10,000)	\$ 269,294	\$ 0	\$ 0	\$ 196,262	\$ 0	\$ 0	\$ 0	\$ 1,500	\$ 1,500	\$ 26,917

VILLAGE OF KINGSLEY, MICHIGAN

COMPONENT UNIT
REQUIRED SUPPLEMENTARY INFORMATION
DOWNTOWN DEVELOPMENT AUTHORITY FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>ASSETS</u>		
Cash	\$ 140,897	\$ 151,347
Receivables		
Taxes	1,671	290
Due from Other Governments	695	353
TOTAL ASSETS	\$ 143,263	\$ 151,990
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Governments	\$ 15,162	\$ 7,111
Deferred Revenue	98,200	135,000
TOTAL LIABILITIES	113,362	142,111
<u>FUND BALANCE</u>		
Unreserved	29,901	9,879
TOTAL LIABILITIES AND FUND BALANCE	\$ 143,263	\$ 151,990

VILLAGE OF KINGSLEY, MICHIGAN

COMPONENT UNIT
REQUIRED SUPPLEMENTARY INFORMATION
DOWNTOWN DEVELOPMENT AUTHORITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>REVENUES</u>		
Taxes		
Property Taxes	\$ 32,812	\$ 23,129
Federal Grants		
State Transportation Fund	36,800	0
Interest and Rents		
Interest	6,270	8,968
	<hr/>	<hr/>
Total Revenues	75,882	32,097
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Public Works		
Professional Services	650	830
Capital Outlay		
Street Construction	40,401	259,512
Other Expenses		
Miscellaneous	34	101
Debt Service		
Principal	5,000	0
Interest	9,775	4,222
	<hr/>	<hr/>
Total Expenditures	55,860	264,665
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	20,022	(232,568)
<u>OTHER FINANCING SOURCES (USES)</u>		
Bond Proceeds	0	230,000
	<hr/>	<hr/>
Net Change in Fund Balance	20,022	(2,568)
<u>FUND BALANCE</u> - Beginning of Year	9,879	12,447
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 29,901	\$ 9,879
	<hr/>	<hr/>

VILLAGE OF KINGSLEY, MICHIGAN

GENERAL FUND
COMPARATIVE BALANCE SHEET

ASSETS

	FEBRUARY 29 2008	FEBRUARY 28 2007
Cash		
Checking Account	\$ 66,569	\$ 33,811
Savings Accounts	148,499	199,020
Imprest (Petty)	50	50
Receivables		
Taxes	580	580
Accounts	16,582	1,342
Due from Other Governments	20,800	22,668
Due from Other Funds		
South Brownson Capital Projects	6,713	6,713
Sewer Fund	0	1,000
Parks and Recreation Fund	0	5,000
Village Hall / Library Capital Projects Fund	27,005	0
Prepaid Expenditures	14,677	0
TOTAL ASSETS	<u>\$ 301,475</u>	<u>\$ 270,184</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 20,547	\$ 15,674
Due to Other Funds		
Equipment Fund	0	4,100
Due to Other Governments	5,013	5,015
Advances from Other Funds	143,008	150,008
Customer Deposits	9,561	9,730
Accrued Wages	3,060	1,650
Total Liabilities	<u>181,189</u>	<u>186,177</u>

FUND BALANCE

Reserved for:		
Prepaid Expenditures	14,677	0
Advances	105,609	0
Unreserved	0	84,007
Total Fund Balance	<u>120,286</u>	<u>84,007</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 301,475</u>	<u>\$ 270,184</u>

VILLAGE OF KINGSLEY, MICHIGAN

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	FEBRUARY 29	FEBRUARY 28
	2008	2007
<u>REVENUES</u>		
Taxes	\$ 253,348	\$ 233,578
Licenses and Permits	9,474	9,406
State Grants	149,575	132,031
Interest and Rents	44,704	36,259
Other Revenues	102,659	104,283
	<hr/>	<hr/>
Total Revenues	559,760	515,557
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Legislative	25,145	21,333
General Government	165,866	369,915
Public Safety	6,872	6,355
Public Works	202,946	211,599
Planning	29,562	27,118
Recreation and Cultural	1,350	0
Other Functions	66,242	101,762
	<hr/>	<hr/>
Total Expenditures	497,983	738,082
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	61,777	(222,525)
	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	435	62,707
Transfers Out	(25,933)	(2,154)
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(25,498)	60,553
	<hr/>	<hr/>
Net Change in Fund Balance	36,279	(161,972)
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	84,007	245,979
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 120,286	\$ 84,007
	<hr/> <hr/>	<hr/> <hr/>

VILLAGE OF KINGSLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF REVENUES

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>TAXES</u>		
Property Taxes	\$ 251,325	\$ 230,991
Property Tax Administration Fee	1,330	1,210
Trailer Park Fees	672	1,334
Penalties and Interest	21	43
Total Taxes	<u>253,348</u>	<u>233,578</u>
<u>LICENSES AND PERMITS</u>		
Land Use Permits	490	1,005
Franchise Fees	8,984	8,401
Total Licenses and Permits	<u>9,474</u>	<u>9,406</u>
<u>STATE GRANTS</u>		
Sales Tax	<u>149,575</u>	<u>132,031</u>
<u>INTEREST AND RENTS</u>		
Interest	9,419	11,683
Tower Rent	35,285	24,576
Total Interest and Rents	<u>44,704</u>	<u>36,259</u>
<u>OTHER REVENUE</u>		
Wage Reimbursements	101,410	98,996
Refunds and Miscellaneous	1,249	5,287
Total Other Revenue	<u>102,659</u>	<u>104,283</u>
TOTAL REVENUES	<u>\$ 559,760</u>	<u>\$ 515,557</u>

VILLAGE OF KINGSLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>LEGISLATIVE</u>		
Village Council		
Salaries and Wages		
Council	\$ 17,228	\$ 8,125
Office Supplies	249	634
Operating Supplies	223	0
Membership and Dues	2,070	2,292
Professional Services	1,084	1,842
Contracted Services	3,322	6,231
Printing and Publishing	969	1,657
Miscellaneous	0	552
Total Legislative	25,145	21,333
<u>GENERAL GOVERNMENT</u>		
Manager		
Salaries and Wages	45,095	70,390
Office Supplies	852	349
Professional Services	0	33
Transportation	415	819
Printing and Publishing	0	562
Repairs and Maintenance	0	35
Dues and Fees	110	1,389
Education and Training	545	345
Elections		
Salaries and Wages	534	0
Office Supplies	459	0
Operating Supplies	33	0
Professional Fees	1,429	0
Printing and Publishing	217	34
Independent Audit		
Professional Services	1,750	14,000
Attorney		
Legal Fees	12,700	7,514

VILLAGE OF KINGSLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
Village Clerk's Office		
Salaries and Wages	30,516	33,108
Office Supplies	2,498	3,201
Postage	2,672	1,792
Operating Supplies	107	91
Professional Fees	10	163
Transportation	0	176
Printing and Publishing	103	0
Dues and Fees	50	50
Education and Training	0	205
Downtown Development Authority		
Supplies	0	77
Professional Services	609	650
Transportation	0	73
Printing and Publishing	0	59
Education and Training	0	160
Treasurer's Office		
Salaries and Wages	5,179	1,646
Office Supplies	0	273
Contracted Services	340	0
Dues and Fees	35	365
Miscellaneous	261	0
Buildings and Grounds - Village Hall		
Salaries and Wages	429	68
Office Supplies	705	857
Operating Supplies	2,078	3,706
Professional Fees	3,889	15,758
Contracted Services	5,047	4,958
Communications	8,135	9,107
Utilities	1,894	6,074
Repairs and Maintenance	676	460
Equipment Rental	18,924	15,830
Dues and Fees	66	530
Capital Outlay	17,504	175,008
Total General Government	165,866	369,915

VILLAGE OF KINGSLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>PUBLIC SAFETY</u>		
Aid to Other Governmental Units	6,872	6,355
<u>PUBLIC WORKS</u>		
Department of Public Works		
Wages	81,017	78,456
Office Supplies	199	1,475
Operating Supplies	490	442
Professional Services	1,019	37
Contracted Services	42,285	63,035
Communications	1,100	900
Printing and Publishing	0	31
Utilities	3,479	1,242
Hydrant Maintenance	54,036	51,176
Clothing Allowance	784	674
Street Lighting		
Repairs and Maintenance	1,475	0
Utilities	17,062	14,131
Total Public Works	202,946	211,599
<u>PLANNING</u>		
Planning and Zoning Board		
Salaries and Wages	14,421	13,164
Professional Services	12,804	12,774
Printing and Publishing	2,059	827
Dues and Fees	100	0
Supplies	118	43
Transportation	15	28
Education and Training	45	282
Total Planning	29,562	27,118
<u>RECREATION AND CULTURE</u>		
Parks and Recreation		
Professional Services	1,350	0

VILLAGE OF KINGSLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>OTHER FUNCTIONS</u>		
Fringe Benefits		
Social Security	11,810	12,630
Medicare	2,762	2,954
Health and Life Insurance	23,191	21,591
Retirement	4,781	5,534
Workers' Compensation	607	4,142
Insurance		
Property and Liability Insurance	5,480	17,842
Other		
Service Fees	350	313
Miscellaneous	8	1,108
Loan Principal Payments	16,237	34,723
Interest Expense	1,016	925
Total Other Functions	66,242	101,762
 TOTAL EXPENDITURES	 \$ 497,983	 \$ 738,082

VILLAGE OF KINGSLEY, MICHIGAN

GENERAL FUND

COMPARATIVE ANALYSIS OF OTHER FINANCING SOURCES (USES)

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out		
Local Street Fund	\$ (2,500)	\$ 0
2007 Debt Service Fund	(5,733)	0
Water Fund	(5,200)	0
Recreational Complex Capital Project Fund	(12,500)	(2,154)
Transfers In		
Oil, Gas and Mineral Trust Fund	435	0
Sewer Fund	0	62,707
Total Other Financing (Uses)	<u>\$ (25,498)</u>	<u>\$ 60,553</u>

VILLAGE OF KINGSLEY, MICHIGAN

MAJOR STREET FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>ASSETS</u>		
Cash		
Checking Account	\$ 49,357	\$ 52,360
Due from Other Governments	12,223	17,656
Prepaid Insurances	647	0
TOTAL ASSETS	<u>\$ 62,227</u>	<u>\$ 70,016</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,539	\$ 249
Due to Other Funds		
Local Street Fund	5,781	0
Sewer Fund	0	9,139
Total Liabilities	11,320	9,388
<u>FUND BALANCE</u>		
Unreserved	50,907	60,628
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 62,227</u>	<u>\$ 70,016</u>

VILLAGE OF KINGSLEY, MICHIGAN

MAJOR STREET FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>REVENUES</u>		
State Grants		
Michigan Transportation Fund (Act 51)	\$ 68,035	\$ 73,748
Federal Grants		
Community Development Block Grant	145,355	0
Interest and Rents		
Interest	2,207	3,221
	<hr/>	<hr/>
Total Revenues	215,597	76,969
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Public Works		
Routine Maintenance		
Salaries and Wages	9,622	7,845
Materials and Supplies	1,553	1,801
Equipment Rental	9,259	5,904
Repairs and Maintenance	4,446	2,325
Winter Maintenance		
Salaries and Wages	7,549	6,021
Materials and Supplies	11,845	1,110
Equipment Rental	11,030	5,313
Signs and Signals		
Repairs and Maintenance	142	0
Administration and General		
Salaries and Wages	105	105
Workers' Compensation	268	0
Professional Services	6,379	20,950
Insurance	321	314
Miscellaneous	4	0
Construction		
Streets	376,835	0
	<hr/>	<hr/>
Total Expenditures	439,358	51,688
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(223,761)	25,281
	<hr/>	<hr/>

VILLAGE OF KINGSLEY, MICHIGAN

MAJOR STREET FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In (Out)		
Local Street Fund	(13,281)	(7,500)
Clark/Whipple Capital Projects Fund	215,000	0
Water Fund	12,321	0
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	214,040	(7,500)
	<hr/>	<hr/>
Net Change in Fund Balance	(9,721)	17,781
 <u>FUND BALANCE</u> - Beginning of Year	 60,628	 42,847
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 50,907	\$ 60,628
	<hr/> <hr/>	<hr/> <hr/>

VILLAGE OF KINGSLEY, MICHIGAN

LOCAL STREET FUND
COMPARATIVE BALANCE SHEET

	<u>FEBRUARY 29</u>	<u>FEBRUARY 28</u>
	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash		
Checking Account	\$ 812	\$ 12,320
Due from Major Street Fund	5,781	0
Due from Other Governmental Units	5,221	5,209
Prepaid Insurance	647	0
TOTAL ASSETS	<u>\$ 12,461</u>	<u>\$ 17,529</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,609	\$ 199
Due to Other Funds		
Sewer Fund	6,852	10,452
TOTAL LIABILITIES	12,461	10,651
<u>FUND BALANCE</u>		
Unreserved	0	6,878
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,461</u>	<u>\$ 17,529</u>

VILLAGE OF KINGSLEY, MICHIGAN

LOCAL STREET FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>REVENUES</u>		
State Grants		
Michigan Transportation Fund (Act 51)	\$ 28,931	\$ 28,851
Telecommunications Right of Way Maintenance	4,452	4,472
Interest and Rents		
Interest	456	746
Total Revenues	<u>33,839</u>	<u>34,069</u>
<u>EXPENDITURES</u>		
Public Works		
Routine Maintenance		
Salaries and Wages	10,629	10,324
Materials and Supplies	1,252	474
Repair and Maintenance	782	1,812
Equipment Rental	9,469	10,621
Winter Maintenance		
Salaries and Wages	5,958	2,077
Materials and Supplies	11,845	1,085
Equipment Rental	11,460	1,758
Signs and Signals		
Materials and Supplies	42	86
Administration		
Salaries and Wages	45	45
Workers' Compensation	268	0
Professional Services	4,422	0
Insurance	322	314
Engineering	0	1,250
Miscellaneous	4	0
Construction		
Streets	0	5,625
Total Expenditures	<u>56,498</u>	<u>35,471</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(22,659)</u>	<u>(1,402)</u>

VILLAGE OF KINGSLEY, MICHIGAN

LOCAL STREET FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In (Out)		
General Fund	2,500	0
Major Street Fund	13,281	7,500
Total Other Financing Sources (Uses)	15,781	7,500
Excess (Deficiency) of Revenues Over Expenditures and Other Sources	(6,878)	6,098
<u>FUND BALANCE</u> - Beginning of Year	6,878	780
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 6,878

VILLAGE OF KINGSLEY, MICHIGAN

RECREATIONAL COMPLEX CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>ASSETS</u>		
Cash		
Checking Account	\$ 24,947	\$ 16,730
Prepaid Insurance	1,970	0
TOTAL ASSETS	<u>\$ 26,917</u>	<u>\$ 16,730</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 4
Due to General Fund	0	5,000
TOTAL LIABILITIES	0	5,004
<u>FUND BALANCE</u>		
Unreserved		
Designated for Civic Improvements	26,917	11,726
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 26,917</u>	<u>\$ 16,730</u>

VILLAGE OF KINGSLEY, MICHIGAN

RECREATIONAL COMPLEX CAPITAL PROJECT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> 2008	<u>FEBRUARY 28</u> 2007
<u>REVENUES</u>		
State Grants		
Department of Natural Resources	\$ 16,903	\$ 0
Contributions from Local Units	38,500	13,500
Interest and Rents		
Interest	963	1,715
Other Income		
Private Contributions	38	6,315
User Fees	2,275	700
Miscellaneous	319	171
Total Revenues	<u>58,998</u>	<u>22,401</u>
<u>EXPENDITURES</u>		
Recreation and Culture		
Audit	750	0
Legal	0	260
Insurance	380	0
Contracted Services	4,528	6,968
Materials and Supplies	2,991	6,962
Repair and Maintenance	733	7,269
Equipment Rental	0	150
Operating Supplies	234	216
Printing and Publishing	51	82
Water	12,341	7,383
Electric	1,001	960
Dues and Fees	0	403
Miscellaneous	293	0
Capital Outlay	33,005	34,539
Total Expenditures	<u>56,307</u>	<u>65,192</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,691</u>	<u>(42,791)</u>

VILLAGE OF KINGSLEY, MICHIGAN

RECREATIONAL COMPLEX CAPITAL PROJECT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> 2008	<u>FEBRUARY 28</u> 2007
<u>OTHER FINANCING SOURCES</u>		
Transfers In		
General Fund	12,500	2,154
Oil, Gas and Mineral Trust	0	10,000
Total Other Financing Sources	<u>12,500</u>	<u>12,154</u>
Net Change in Fund Balance	15,191	(30,637)
<u>FUND BALANCE</u> - Beginning of Year	<u>11,726</u>	<u>42,363</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 26,917</u>	<u>\$ 11,726</u>

VILLAGE OF KINGSLEY, MICHIGAN

SOUTH BROWNSON CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>ASSETS</u>		
Cash	\$ 0	\$ 500
Due from Water Fund	500	0
Due from Other Governments	6,213	6,213
TOTAL ASSETS	\$ 6,713	\$ 6,713
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to General Fund	\$ 6,713	\$ 6,713
<u>FUND BALANCE</u>		
Unreserved	0	0
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,713	\$ 6,713

VILLAGE OF KINGSLEY, MICHIGAN

SOUTH BROWNSON CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>REVENUES</u>		
Federal Grants		
Community Development Block Grant	\$ 0	\$ 755,655
<u>EXPENDITURES</u>		
Public Works		
Capital Outlay	0	755,655
Net Change in Fund Balance	0	0
<u>FUND BALANCE</u> - Beginning of Year	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0

VILLAGE OF KINGSLEY, MICHIGAN
CLARK WHIPPLE CAPITAL PROJECTS FUND
BALANCE SHEET
FOR THE YEAR ENDED FEBRUARY 29, 2008

<u>ASSETS</u>		
Cash		<u>\$ 0</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		\$ 0
<u>FUND BALANCE</u>		
Unreserved		<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 0</u>

VILLAGE OF KINGSLEY, MICHIGAN

CLARK WHIPPLE CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED FEBRUARY 29, 2008

<u>REVENUES</u>	\$ 0
<u>EXPENDITURES</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Bond Proceeds	215,000
Transfer to Major Streets	<u>(215,000)</u>
Total Other Financing Sources (Uses)	<u>0</u>
Net Change in Fund Balance	0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 0</u></u>

VILLAGE OF KINGSLEY, MICHIGAN

VILLAGE HALL / LIBRARY CAPITAL PROJECTS FUND
BALANCE SHEET

FOR THE YEAR ENDED FEBRUARY 29, 2008

ASSETS

Due from Other Governments	\$ 350,000
----------------------------	------------

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 17,134
Due to General Fund	27,005

TOTAL LIABILITIES	44,139
-------------------	--------

FUND BALANCE

Unreserved	
Designated for Civic Improvements	305,861

TOTAL LIABILITIES AND FUND BALANCE	\$ 350,000
------------------------------------	------------

VILLAGE OF KINGSLEY, MICHIGAN

VILLAGE HALL / LIBRARY CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED FEBRUARY 29, 2008

REVENUES

Contributions from Local Units	\$ 350,000
--------------------------------	------------

EXPENDITURES

Recreation and Culture	
Capital Outlay	<u>44,139</u>

Net Change in Fund Balance	305,861
----------------------------	---------

<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
---	----------

<u>FUND BALANCE</u> - End of Year	<u><u>\$ 305,861</u></u>
-----------------------------------	--------------------------

VILLAGE OF KINGSLEY, MICHIGAN
2007 DEBT SERVICE FUND

BALANCE SHEET
FOR THE YEAR ENDED FEBRUARY 29, 2008

<u>ASSETS</u>		
TOTAL ASSETS		\$ <u><u>0</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		\$ 0
<u>FUND BALANCE</u>		
Reserved for Debt Service		<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE		\$ <u><u>0</u></u>

VILLAGE OF KINGSLEY, MICHIGAN
2007 DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED FEBRUARY 29, 2008

<u>REVENUES</u>	\$ 0
<u>EXPENDITURES</u>	
Debt Service	
Interest and Fiscal Charges	<u>5,733</u>
Excess (Deficiency) of	
Revenues Over Expenditures	(5,733)
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers In (Out)	
General Fund	<u>5,733</u>
Net Change in Fund Balance	0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 0</u></u>

VILLAGE OF KINGSLEY, MICHIGAN

OIL, GAS AND MINERAL TRUST FUND
COMPARATIVE BALANCE SHEET

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>ASSETS</u>		
Cash	\$ 28,582	\$ 75,925
Investments	752,120	724,808
Accrued Interest Receivable	2,540	6,577
TOTAL ASSETS	\$ 783,242	\$ 807,310
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for:		
Endowments	749,294	721,982
Civic Improvements	33,948	85,328
Total Fund Balance	783,242	807,310
TOTAL LIABILITIES AND FUND BALANCE	\$ 783,242	\$ 807,310

VILLAGE OF KINGSLEY, MICHIGAN

OIL, GAS AND MINERAL TRUST FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED

	<u>FEBRUARY 29</u> 2008	<u>FEBRUARY 28</u> 2007
<u>REVENUES</u>		
Interest and Rents		
Investment Income	\$ 48,381	\$ 41,875
Oil and Gas Royalties	12,986	10,521
Total Revenues	61,367	52,396
<u>EXPENDITURES</u>		
Trust Fund Activities		
Trustee Fees	5,000	5,000
Excess (Deficiency) of Revenues Over Expenditures	56,367	47,396
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In (Out)		
Water Fund	(80,000)	0
General Fund	(435)	0
Recreational Complex Capital Project Fund	0	(10,000)
Total Other Financing Sources (Uses)	(80,435)	(10,000)
Net Change in Fund Balance	(24,068)	37,396
<u>FUND BALANCE</u> - Beginning of Year	807,310	769,914
<u>FUND BALANCE</u> - End of Year	\$ 783,242	\$ 807,310

VILLAGE OF KINGSLEY, MICHIGAN

WATER FUND

COMPARATIVE STATEMENT OF NET ASSETS

	<u>FEBRUARY 29</u>	<u>FEBRUARY 28</u>
	2008	2007
	<hr/>	
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash		
Operating Fund	\$ 28,539	\$ 21,747
Receiving Fund	74,286	82,586
Construction Fund	259,453	0
Accounts Receivable	9,172	13,445
Due from Other Governments	6,290	0
Prepaid Expenses	4,373	3,877
	<hr/>	
Total Current Assets	382,113	121,655
	<hr/>	
<u>RESTRICTED ASSETS</u>		
Cash		
Bond and Interest Redemption Funds	72,049	100,789
Bond Reserve Funds	100,117	146,099
	<hr/>	
Total Restricted Assets	172,166	246,888
	<hr/>	
<u>CAPITAL ASSETS</u>		
Land and Land Improvements	30,928	30,928
Buildings and Improvements	37,521	37,521
Machinery and Equipment	6,679	6,679
Water System		
Wells and Well Houses	295,657	295,657
Water Towers	981,780	981,780
Water Mains	1,786,775	1,192,282
Accumulated Depreciation	(688,823)	(625,711)
	<hr/>	
Net Capital Assets	2,450,517	1,919,136
	<hr/>	
<u>OTHER ASSETS</u>		
Bond Issuance Costs	12,297	7,297
Accumulated Amortization	(1,196)	(544)
	<hr/>	
Net Other Assets	11,101	6,753
	<hr/>	
TOTAL ASSETS	3,015,897	2,294,432
	<hr/>	

VILLAGE OF KINGSLEY, MICHIGAN
WATER FUND
COMPARATIVE STATEMENT OF NET ASSETS

	<u>FEBRUARY 29</u> 2008	<u>FEBRUARY 28</u> 2007
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)</u>		
Accounts Payable	5,795	1,142
Retainage Payable	82,657	0
Customer Deposits	4,350	4,775
Due to South Brownson Capital Projects	500	0
	<hr/>	<hr/>
Total Current Liabilities (Payable from Current Assets)	93,302	5,917
	<hr/>	<hr/>
<u>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</u>		
Revenue Bonds Payable- Current Portion	10,000	25,000
Installment Purchase Agreement	14,332	11,000
Accrued Interest Payable	9,953	4,634
	<hr/>	<hr/>
Total Current Liabilities (Payable from Restricted Assets)	34,285	40,634
	<hr/>	<hr/>
<u>LONG-TERM LIABILITIES</u>		
Revenue Bonds Payable (Net of Current Portion)	505,000	395,000
Installment Purchase Agreement	0	16,654
	<hr/>	<hr/>
Total Long Term Liabilities	505,000	411,654
	<hr/>	<hr/>
Total Liabilities	632,587	458,205
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	1,921,185	(447,654)
Unrestricted	462,125	2,283,881
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 2,383,310	\$ 1,836,227
	<hr/> <hr/>	<hr/> <hr/>

VILLAGE OF KINGSLEY, MICHIGAN

WATER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED

	<u>FEBRUARY 29</u> 2008	<u>FEBRUARY 28</u> 2007
<u>OPERATING REVENUES</u>		
Charges for Services		
Sales	\$ 130,665	\$ 129,894
Hydrant Rental	54,036	50,976
Water Tower Lease	7,200	7,200
Other Revenue	200	31
Total Operating Revenues	<u>192,101</u>	<u>188,101</u>
<u>OPERATING EXPENSES</u>		
Administration and General		
Postage and Office Supplies	1,640	1,241
Travel Expense	0	21
Professional Services	2,400	853
Contracted Services	3,341	0
Education and Training	125	0
Communications	294	298
Printing and Publishing	1,472	422
Insurance and Bonds	5,150	1,240
Bank Fees	20	1,220
Dues	1,847	1,878
Plant		
Salaries and Wages	36,579	34,032
Workers' Compensation	541	0
Operating Supplies	7,125	13,568
Meters	1,858	3,574
Utilities	17,030	14,211
Contracted Plant Operation	6,508	0
Contracted Services	3,700	0
Repairs and Maintenance	4,647	2,574
Equipment Rental	9,885	9,342

VILLAGE OF KINGSLEY, MICHIGAN

WATER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
Testing	1,077	478
Depreciation	63,112	50,453
Total Operating Expenses	168,351	135,405
Operating Income (Loss)	23,750	52,696
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	19,064	17,605
User Contributions	5,300	20,775
Interest Expense	(27,420)	(19,102)
Total Nonoperating Revenues (Expenses)	(3,056)	19,278
Net Income (Loss)	20,694	71,974
Community Development Block Grant	453,510	376,826
Transfers In (Out):		
General Fund	5,200	0
Oil & Gas Trust Fund	80,000	0
Major Streets	(12,321)	0
	526,389	376,826
Change in Net Assets	547,083	376,826
<u>TOTAL NET ASSETS</u> - Beginning of Year	1,836,227	1,387,427
<u>TOTAL NET ASSETS</u> - End of Year	\$ 2,383,310	\$ 1,836,227

VILLAGE OF KINGSLEY, MICHIGAN

WATER FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 190,084	\$ 187,605
Cash Payments to Suppliers for Goods and Services	<u>(18,350)</u>	<u>(322,203)</u>
Net Cash Provided by (Used for) Operating Activities	<u>171,734</u>	<u>(134,598)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(594,493)	(385,024)
User Contributions	5,300	20,775
Bond Proceeds	265,000	0
Grant Proceeds	453,510	521,086
Principal Paid on Bonds	(170,000)	(25,000)
Principal Paid on Installment Loan	(13,322)	(10,837)
Interest Paid on Bonds	(25,521)	(17,111)
Interest Paid on Installment Loan	(928)	(1,447)
Transfers from Other Funds	<u>72,879</u>	<u>0</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,575)</u>	<u>102,442</u>
Cash Flows from Investing Activities		
Interest Income	<u>19,064</u>	<u>17,605</u>
Net Increase (Decrease) in Cash and Cash Equivalents	183,223	(14,551)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>351,221</u>	<u>365,772</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u><u>\$ 534,444</u></u>	<u><u>\$ 351,221</u></u>

VILLAGE OF KINGSLEY, MICHIGAN

WATER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	<u>FEBRUARY 29</u> 2008	<u>FEBRUARY 28</u> 2007
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 23,750	\$ 52,696
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	63,112	50,453
(Increase) Decrease in Current Assets		
Accounts Receivable	4,273	(4,671)
Prepaid Expenses	(496)	(2,863)
Due from Other Governments	(6,290)	0
Due from Other Funds	0	7,038
Increase (Decrease) in Current Liabilities		
Accounts Payable	4,653	(173,993)
Retainage Payable	82,657	(64,508)
Customer Deposits	(425)	1,250
Due to Other Funds	500	0
Total Adjustments	147,984	(187,294)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 171,734	\$ (134,598)

VILLAGE OF KINGSLEY, MICHIGAN
SANITARY SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF NET ASSETS

	<u>FEBRUARY 29</u> 2008	<u>FEBRUARY 28</u> 2007
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash		
Operating Fund	\$ 11,973	\$ 10,874
Receiving Fund	193,391	183,430
Accounts Receivable	31,031	34,579
Due from Other Funds		
Major Street	0	9,139
Local Street	6,852	10,452
Prepaid Expenses	7,626	7,842
Total Current Assets	250,873	256,316
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Restricted Cash Accounts		
Sewer Improvement and Repair	49,879	47,841
Bond and Interest Redemption Funds	100,194	77,143
Bond Reserve Fund	28,705	21,008
Capital Improvement Fund	70,386	54,211
Total Restricted Assets	249,164	200,203
<u>CAPITAL ASSETS</u>		
Land and Improvements	312,243	312,243
Buildings	308,854	308,854
Machinery and Equipment	403,999	403,999
Furniture and Fixtures	24,938	24,938
Sewer System		
Wastewater Treatment Facility	2,290,019	2,290,019
Pumping Station	110,398	110,398
Mains and Connections	1,919,761	1,919,761
Accumulated Depreciation	(1,512,346)	(1,370,415)
Net Capital Assets	3,857,866	3,999,797
<u>OTHER ASSETS</u>		
Advances to Other Funds	143,008	149,008
TOTAL ASSETS	4,500,911	4,605,324

VILLAGE OF KINGSLEY, MICHIGAN
SANITARY SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF NET ASSETS

	<u>FEBRUARY 29</u> 2008	<u>FEBRUARY 28</u> 2007
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)</u>		
Accounts Payable	9,915	8,050
<u>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</u>		
Revenue Bonds Payable - Current Portion	13,000	12,000
Installment Purchase Agreement	0	11,000
Accrued Interest Payable	17,311	17,485
Total Current Liabilities (Payable from Restricted Assets)	30,311	40,485
<u>LONG-TERM LIABILITIES (Net of Current Portion)</u>		
Revenue Bonds Payable	1,174,000	1,187,000
Installment Purchase Agreement	0	16,654
Total Long-Term Liabilities	1,174,000	1,203,654
Total Liabilities	1,214,226	1,252,189
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	2,670,866	2,773,143
Unrestricted	615,819	579,992
TOTAL NET ASSETS	\$ 3,286,685	\$ 3,353,135

VILLAGE OF KINGSLEY, MICHIGAN

SANITARY SEWER SYSTEM FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>OPERATING REVENUES</u>		
Charges for Services		
Sewer Service	\$ 282,440	\$ 280,816
Other Revenue	0	167
Total Operating Revenues	282,440	280,983
<u>OPERATING EXPENSES</u>		
Administration and General		
Office Supplies	1,280	873
Bank Service Charges	42	15
Professional Services	4,461	1,998
Legal Fees	313	163
Insurance and Bonds	4,421	4,744
Dues	523	96
Printing and Publishing	122	70
Miscellaneous	0	162
Plant		
Salaries and Wages	16,949	21,831
Operating Supplies	297	2,908
Permits and Fees	3,650	3,650
Utilities	33,423	35,498
Repairs and Maintenance	0	900
Sewer Line Inspection	0	6,674
Contracted Plant Operation	88,964	82,239
Professional Services	16,835	0
Equipment Rental	5,777	9,422
Depreciation	141,931	140,102
Total Operating Expenses	318,988	311,345
Operating Income (Loss)	(36,548)	(30,362)

VILLAGE OF KINGSLEY, MICHIGAN

SANITARY SEWER SYSTEM FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	17,663	24,238
Interest Expense	(52,865)	(58,784)
User Contributions	5,300	19,605
Gain on Sale of Assets	0	10,000
Total Nonoperating Revenues (Expenses)	(29,902)	(4,941)
Net Income (Loss)	(66,450)	(35,303)
Transfer to General Fund	0	(62,707)
Change in Net Assets	(66,450)	(98,010)
<u>TOTAL NET ASSETS</u> - Beginning of Year	3,353,135	3,451,145
<u>TOTAL NET ASSETS</u> - End of Year	\$ 3,286,685	\$ 3,353,135

VILLAGE OF KINGSLEY, MICHIGAN

SANITARY SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 298,727	\$ 286,406
Cash Payments to Suppliers for Goods and Services	(174,976)	(259,306)
Net Cash Provided by (Used for) Operating Activities	123,751	27,100
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	0	(68,786)
Grant Proceeds	0	66,600
User Contributions	5,300	19,605
Principal Paid on Bonds	(12,000)	(12,000)
Principal Paid on Installment Loan	(27,654)	(10,837)
Interest Paid on Bonds	(52,193)	(52,719)
Interest Paid on Installment Loan and Other Obligations	(846)	(6,278)
Proceeds on Sale of Capital Assets	0	10,000
Advances to Other Funds	0	(150,008)
Payments Received on Advances to Other Funds	6,000	0
Transfer to General Fund	0	(62,707)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(81,393)	(267,130)
Cash Flows from Investing Activities		
Interest Income	17,663	24,238
Net Increase (Decrease) in Cash and Cash Equivalents	60,021	(215,792)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	394,507	610,299
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 454,528	\$ 394,507

VILLAGE OF KINGSLEY, MICHIGAN

SANITARY SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (36,548)	\$ (30,362)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	141,931	140,102
(Increase) Decrease in Current Assets		
Accounts Receivable	3,548	(631)
Prepaid Expenses	216	654
Due from Other Funds	12,739	5,400
Increase (Decrease) in Current Liabilities		
Accounts Payable	1,865	(82,899)
Due to Other Funds	0	(5,164)
Total Adjustments	160,299	57,462
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 123,751	\$ 27,100

VILLAGE OF KINGSLEY, MICHIGAN

EQUIPMENT FUND
COMPARATIVE STATEMENT OF NET ASSETS

	<u>FEBRUARY 29</u> <u>2008</u>	<u>FEBRUARY 28</u> <u>2007</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash		
Checking Account	\$ 42,947	\$ 39,338
Savings Account	10,991	19,665
Due from General Fund	0	4,100
Prepaid Expenses	4,132	3,434
Total Current Assets	<u>58,070</u>	<u>66,537</u>
<u>CAPITAL ASSETS</u>		
Machinery and Equipment	343,155	366,620
Accumulated Depreciation	(183,647)	(176,033)
Total Capital Assets	<u>159,508</u>	<u>190,587</u>
 TOTAL ASSETS	 <u>217,578</u>	 <u>257,124</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	<u>4,313</u>	<u>44,685</u>
 <u>NET ASSETS</u>		
Invested in Capital Assets	159,508	190,587
Unrestricted	<u>53,757</u>	<u>21,852</u>
 TOTAL NET ASSETS	 <u>\$ 213,265</u>	 <u>\$ 212,439</u>

VILLAGE OF KINGSLEY, MICHIGAN

EQUIPMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>OPERATING REVENUES</u>		
Charges for Services		
Equipment Rental	\$ 75,764	\$ 59,957
<u>OPERATING EXPENSES</u>		
Salaries and Wages	14,815	13,496
Office Supplies	2,513	1,270
Professional Services	4,798	401
Communications	0	525
Gasoline and Oil	10,388	9,654
Fleet Insurance	7,288	5,055
Workers' Compensation Insurance	253	0
Repairs and Maintenance	7,635	11,696
Miscellaneous	210	48
Depreciation	31,079	22,574
Total Operating Expenses	78,979	64,719
Operating Income (Loss)	(3,215)	(4,762)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	2,129	4,501
Interest Expense	(639)	0
Gain on Sale of Assets	2,551	4,100
Total Nonoperating Revenues (Expenses)	4,041	8,601
Net Income	826	3,839
<u>TOTAL NET ASSETS</u> - Beginning of Year	212,439	208,600
<u>TOTAL NET ASSETS</u> - End of Year	\$ 213,265	\$ 212,439

VILLAGE OF KINGSLEY, MICHIGAN

EQUIPMENT FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED

	FEBRUARY 29 2008	FEBRUARY 28 2007
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Receipts from Interfund Services Provided	\$ 79,166	\$ 68,969
Payments to Suppliers	(73,457)	(31,587)
Payments to Employees	(14,815)	(13,496)
Net Cash Provided by (Used for) Operating Activities	(9,106)	23,886
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Gain on Sale of Assets	2,551	4,100
Acquisition of Capital Assets	0	(55,250)
Net Cash Provided by (used for) Capital and Related Financing Activities	2,551	(51,150)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest Income	1,490	4,501
Net Increase (Decrease) in Cash and Cash Equivalents	(5,065)	(22,763)
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	59,003	81,766
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 53,938	\$ 59,003
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (3,215)	\$ (4,762)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	31,079	22,574
(Increase) Decrease in Current Assets		
Accounts Receivable	0	12,914
Prepaid Expenses	(698)	198
Due from Other Funds	4,100	(4,100)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(40,372)	(2,938)
Total Adjustments	(5,891)	28,648
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (9,106)	\$ 23,886

VILLAGE OF KINGSLEY, MICHIGAN
WATER REVENUE BONDS, SERIES 1992
FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Water Revenue Bonds, Series 1992		
<u>PURPOSE</u>	Defraying the cost of acquiring and constructing improvements to the Village's water supply system.		
<u>DATE OF ISSUE</u>	September 1, 1992		
<u>AMOUNT OF ISSUE</u>			\$ 410,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$ 240,000		
During Current Year	<u>170,000</u>	<u>410,000</u>	
<u>BALANCE OUTSTANDING</u> - February 29, 2008			<u>\$ 0</u>
<u>CALL PROVISIONS</u>	Bonds maturing in the years 1993 through 2000 are not subject to redemption prior to maturity. Bonds maturing after 2001 are subject to redemption in any order of maturity on any interest payment date after October 1, 2001, at par and accrued interest plus a premium of 1% if called prior to October 1, 2005, and 1/2% thereafter.		

VILLAGE OF KINGSLEY, MICHIGAN
JUNIOR LIEN SEWER REVENUE BONDS, SERIES 2004
FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Village of Kingsley \$1,222,000 Junior Lien Sewer Revenue Bonds, Series 2004
<u>PURPOSE</u>	Acquisition and Construction of Improvements to the Sewer System
<u>DATE OF ISSUE</u>	May 19, 2004
<u>AMOUNT OF ISSUE</u>	\$ 1,222,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 23,000
During Current Year	<u>12,000</u> <u>35,000</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008	<u><u>\$ 1,187,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2008	4.375%	\$ 13,000	\$ 25,966	\$ 38,966
November 1, 2008			25,681	25,681
May 1, 2009	4.375%	14,000	25,681	39,681
November 1, 2009			25,375	25,375
May 1, 2010	4.375%	14,000	25,375	39,375
November 1, 2010			25,069	25,069
May 1, 2011	4.375%	15,000	25,069	40,069
November 1, 2011			24,741	24,741
May 1, 2012	4.375%	16,000	24,741	40,741
November 1, 2012			24,391	24,391
May 1, 2013	4.375%	16,000	24,391	40,391
November 1, 2013			24,041	24,041
May 1, 2014	4.375%	17,000	24,041	41,041
November 1, 2014			23,669	23,669
May 1, 2015	4.375%	18,000	23,669	41,669
November 1, 2015			23,275	23,275
May 1, 2016	4.375%	19,000	23,275	42,275

VILLAGE OF KINGSLEY, MICHIGAN
JUNIOR LIEN SEWER REVENUE BONDS, SERIES 2004
FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2016			22,859	22,859
May 1, 2017	4.375%	19,000	22,859	41,859
November 1, 2017			22,444	22,444
May 1, 2018	4.375%	20,000	22,444	42,444
November 1, 2018			22,006	22,006
May 1, 2019	4.375%	21,000	22,006	43,006
November 1, 2019			21,547	21,547
May 1, 2020	4.375%	22,000	21,547	43,547
November 1, 2020			21,066	21,066
May 1, 2021	4.375%	23,000	21,066	44,066
November 1, 2021			20,563	20,563
May 1, 2022	4.375%	24,000	20,563	44,563
November 1, 2022			20,038	20,038
May 1, 2023	4.375%	25,000	20,038	45,038
November 1, 2023			19,491	19,491
May 1, 2024	4.375%	26,000	19,491	45,491
November 1, 2024			18,922	18,922
May 1, 2025	4.375%	27,000	18,922	45,922
November 1, 2025			18,331	18,331
May 1, 2026	4.375%	29,000	18,331	47,331
November 1, 2026			17,697	17,697
May 1, 2027	4.375%	30,000	17,697	47,697
November 1, 2027			17,041	17,041
May 1, 2028	4.375%	31,000	17,041	48,041
November 1, 2028			16,363	16,363
May 1, 2029	4.375%	33,000	16,363	49,363
November 1, 2029			15,641	15,641
May 1, 2030	4.375%	34,000	15,641	49,641
November 1, 2030			14,897	14,897
May 1, 2031	4.375%	36,000	14,897	50,897
November 1, 2031			14,109	14,109
May 1, 2032	4.375%	37,000	14,109	51,109
November 1, 2032			13,300	13,300
May 1, 2033	4.375%	39,000	13,300	52,300
November 1, 2033			12,447	12,447
May 1, 2034	4.375%	41,000	12,447	53,447
November 1, 2034			11,550	11,550

VILLAGE OF KINGSLEY, MICHIGAN
JUNIOR LIEN SEWER REVENUE BONDS, SERIES 2004
FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2035	4.375%	43,000	11,550	54,550
November 1, 2035			10,609	10,609
May 1, 2036	4.375%	45,000	10,609	55,609
November 1, 2036			9,625	9,625
May 1, 2037	4.375%	47,000	9,625	56,625
November 1, 2037			8,597	8,597
May 1, 2038	4.375%	49,000	8,597	57,597
November 1, 2038			7,525	7,525
May 1, 2039	4.375%	51,000	7,525	58,525
November 1, 2039			6,409	6,409
May 1, 2040	4.375%	53,000	6,409	59,409
November 1, 2040			5,250	5,250
May 1, 2041	4.375%	56,000	5,250	61,250
November 1, 2041			4,025	4,025
May 1, 2042	4.375%	58,000	4,025	62,025
November 1, 2042			2,756	2,756
May 1, 2043	4.375%	61,000	2,756	63,756
November 1, 2043			1,422	1,422
May 1, 2044	4.375%	65,000	1,422	66,422
		<u>\$ 1,187,000</u>	<u>\$ 1,211,510</u>	<u>\$ 2,398,510</u>

VILLAGE OF KINGSLEY, MICHIGAN
JUNIOR LIEN WATER REVENUE BONDS, SERIES 2005
FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Junior Lien Water Revenue Bonds, Series 2005		
<u>PURPOSE</u>	Acquisition and construction of Improvements to the Public Water Supply System		
<u>DATE OF ISSUE</u>	August 16, 2005		
<u>AMOUNT OF ISSUE</u>			\$ 250,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	0	
During Current Year		<u>0</u>	<u>0</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008			<u><u>\$ 250,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2008			\$ 5,517	\$ 5,517
October 1, 2008			5,517	5,517
April 1, 2009			5,517	5,517
October 1, 2009	3.35%	\$ 5,000	5,517	10,517
April 1, 2010			5,433	5,433
October 1, 2010	3.50%	5,000	5,433	10,433
April 1, 2011			5,345	5,345
October 1, 2011	3.60%	5,000	5,345	10,345
April 1, 2012			5,255	5,255
October 1, 2012	3.80%	5,000	5,255	10,255
April 1, 2013			5,160	5,160
October 1, 2013	3.95%	15,000	5,160	20,160
April 1, 2014			4,864	4,864
October 1, 2014	4.05%	15,000	4,864	19,864
April 1, 2015			4,560	4,560
October 1, 2015	4.15%	20,000	4,560	24,560
April 1, 2016			4,145	4,145
October 1, 2016	4.25%	20,000	4,145	24,145
April 1, 2017			3,720	3,720
October 1, 2017	4.30%	20,000	3,720	23,720
April 1, 2018			3,290	3,290

VILLAGE OF KINGSLEY, MICHIGAN
JUNIOR LIEN WATER REVENUE BONDS, SERIES 2005
FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2018	4.40%	20,000	3,290	23,290
April 1, 2019			2,850	2,850
October 1, 2019	4.50%	20,000	2,850	22,850
April 1, 2020			2,400	2,400
October 1, 2020	4.60%	20,000	2,400	22,400
April 1, 2021			1,940	1,940
October 1, 2021	4.70%	20,000	1,940	21,940
April 1, 2022			1,470	1,470
October 1, 2022	4.80%	20,000	1,470	21,470
April 1, 2023			990	990
October 1, 2023	4.90%	20,000	990	20,990
April 1, 2024			500	500
October 1, 2024	5.00%	20,000	500	20,500
		<u>\$ 250,000</u>	<u>\$ 125,912</u>	<u>\$ 375,912</u>

VILLAGE OF KINGSLEY, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS, SERIES 2006
FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Village of Kingsley Downtown Development Authority \$230,000 Tax Increment Bond, Series 2006
<u>PURPOSE</u>	Streetscape improvements to South Brownson Street
<u>DATE OF ISSUE</u>	June 27, 2006
<u>AMOUNT OF ISSUE</u>	\$ 230,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 0
During Current Year	5,000
	<u>5,000</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008	<u>\$ 225,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
June 1, 2008	3.800%	\$ 5,000	\$ 4,840	\$ 9,840
December 1, 2008			4,745	4,745
June 1, 2009	3.900%	5,000	4,745	9,745
December 1, 2009			4,648	4,648
June 1, 2010	3.900%	10,000	4,647	14,647
December 1, 2010			4,453	4,453
June 1, 2011	4.000%	10,000	4,452	14,452
December 1, 2011			4,253	4,253
June 1, 2012	4.000%	10,000	4,252	14,252
December 1, 2012			4,053	4,053
June 1, 2013	4.000%	10,000	4,052	14,052
December 1, 2013			3,853	3,853
June 1, 2014	4.100%	10,000	3,852	13,852
December 1, 2014			3,648	3,648
June 1, 2015	4.100%	10,000	3,647	13,647
December 1, 2015			3,443	3,443
June 1, 2016	4.100%	10,000	3,442	13,442

VILLAGE OF KINGSLEY, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS, SERIES 2006
FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
December 1, 2016			3,238	3,238
June 1, 2017	4.200%	15,000	3,237	18,237
December 1, 2017			2,923	2,923
June 1, 2018	4.200%	15,000	2,922	17,922
December 1, 2018			2,608	2,608
June 1, 2019	4.300%	15,000	2,607	17,607
December 1, 2019			2,285	2,285
June 1, 2020	4.300%	15,000	2,285	17,285
December 1, 2020			1,963	1,963
June 1, 2021	4.400%	15,000	1,962	16,962
December 1, 2021			1,633	1,633
June 1, 2022	4.500%	15,000	1,632	16,632
December 1, 2022			1,295	1,295
June 1, 2023	4.600%	15,000	1,295	16,295
December 1, 2023			950	950
June 1, 2024	4.700%	20,000	950	20,950
December 1, 2024			480	480
June 1, 2025	4.800%	20,000	480	20,480
December 1, 2025			0	0
		<u>\$ 225,000</u>	<u>\$ 105,770</u>	<u>\$ 330,770</u>

VILLAGE OF KINGSLEY, MICHIGAN
JUNIOR LIEN WATER REVENUE BONDS, SERIES 2007
FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Junior Lien Water Revenue Bonds, Series 2007		
<u>PURPOSE</u>	Acquisition and construction of Improvements to the Public Water Supply System		
<u>DATE OF ISSUE</u>	July 11, 2007		
<u>AMOUNT OF ISSUE</u>		\$	265,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	0	
During Current Year		<u>0</u>	<u>0</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008		\$	<u><u>265,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2008			\$ 6,426	\$ 6,426
October 1, 2008	4.85%	\$ 10,000	6,426	16,426
April 1, 2009			6,184	6,184
October 1, 2009	4.85%	10,000	6,184	16,184
April 1, 2010			5,941	5,941
October 1, 2010	4.85%	10,000	5,941	15,941
April 1, 2011			5,699	5,699
October 1, 2011	4.85%	10,000	5,699	15,699
April 1, 2012			5,456	5,456
October 1, 2012	4.85%	15,000	5,456	20,456
April 1, 2013			5,093	5,093
October 1, 2013	4.85%	15,000	5,093	20,093
April 1, 2014			4,729	4,729
October 1, 2014	4.85%	15,000	4,729	19,729
April 1, 2015			4,365	4,365
October 1, 2015	4.85%	15,000	4,365	19,365
April 1, 2016			4,001	4,001
October 1, 2016	4.85%	15,000	4,001	19,001
April 1, 2017			3,638	3,638
October 1, 2017	4.85%	15,000	3,638	18,638
April 1, 2018			3,274	3,274
October 1, 2018	4.85%	15,000	3,274	18,274
April 1, 2019			2,910	2,910

VILLAGE OF KINGSLEY, MICHIGAN
JUNIOR LIEN WATER REVENUE BONDS, SERIES 2007
FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2019	4.85%	20,000	2,910	22,910
April 1, 2020			2,425	2,425
October 1, 2020	4.85%	20,000	2,425	22,425
April 1, 2021			1,940	1,940
October 1, 2021	4.85%	20,000	1,940	21,940
April 1, 2022			1,455	1,455
October 1, 2022	4.85%	20,000	1,455	21,455
April 1, 2023			970	970
October 1, 2023	4.85%	20,000	970	20,970
April 1, 2024			485	485
October 1, 2024	4.85%	20,000	485	20,485
		<u>\$ 265,000</u>	<u>\$ 129,982</u>	<u>\$ 394,982</u>

VILLAGE OF KINGSLEY, MICHIGAN
VILLAGE SHARE BONDS, LIMITED TAX GENERAL OBLIGATION, SERIES 2007
FEBRUARY 29, 2008

<u>TITLE OF ISSUE</u>	Village Share Bonds, Limited Tax General Obligation, Series 2007		
<u>PURPOSE</u>	Acquisition and construction of Improvements to the Public Water Supply System and Streets		
<u>DATE OF ISSUE</u>	July 11, 2007		
<u>AMOUNT OF ISSUE</u>		\$	215,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	0	
During Current Year		<u>0</u>	<u>0</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2008		\$	<u>215,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
August 1, 2008	4.80%	\$ 5,000	\$ 5,160	\$ 10,160
February 1, 2009			5,040	5,040
August 1, 2009	4.80%	6,000	5,040	11,040
February 1, 2010			4,896	4,896
August 1, 2010	4.80%	7,000	4,896	11,896
February 1, 2011			4,728	4,728
August 1, 2011	4.80%	7,000	4,728	11,728
February 1, 2012			4,560	4,560
August 1, 2012	4.80%	8,000	4,560	12,560
February 1, 2013			4,368	4,368
August 1, 2013	4.80%	8,000	4,368	12,368
February 1, 2014			4,176	4,176
August 1, 2014	4.80%	9,000	4,176	13,176
February 1, 2015			3,960	3,960
August 1, 2015	4.80%	9,000	3,960	12,960
February 1, 2016			3,744	3,744
August 1, 2016	4.80%	10,000	3,744	13,744
February 1, 2017			3,504	3,504
August 1, 2017	4.80%	10,000	3,504	13,504
February 1, 2018			3,264	3,264
August 1, 2018	4.80%	11,000	3,264	14,264

VILLAGE OF KINGSLEY, MICHIGAN
VILLAGE SHARE BONDS, LIMITED TAX GENERAL OBLIGATION, SERIES 2007
FEBRUARY 29, 2008

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
February 1, 2019			3,000	3,000
August 1, 2019	4.80%	11,000	3,000	14,000
February 1, 2020			2,736	2,736
August 1, 2020	4.80%	12,000	2,736	14,736
February 1, 2021			2,448	2,448
August 1, 2021	4.80%	13,000	2,448	15,448
February 1, 2022			2,136	2,136
August 1, 2022	4.80%	13,000	2,136	15,136
February 1, 2023			1,824	1,824
August 1, 2023	4.80%	14,000	1,824	15,824
February 1, 2024			1,488	1,488
August 1, 2024	4.80%	14,000	1,488	15,488
February 1, 2025			1,152	1,152
August 1, 2025	4.80%	15,000	1,152	16,152
February 1, 2026			792	792
August 1, 2026	4.80%	16,000	792	16,792
February 1, 2027			408	408
August 1, 2027	4.80%	17,000	408	17,408
		<u>\$ 215,000</u>	<u>\$ 121,608</u>	<u>\$ 336,608</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

June 13, 2008

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Village Council
Village of Kingsley, Michigan

We have audited the financial statements of the Village of Kingsley as of and for the year ended February 29, 2008, and have issued our report thereon dated June 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Kingsley's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Kingsley's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, 2008-A and 2008-B, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Kingsley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Village of Kingsley in a separate letter dated June 13, 2008.

The Village of Kingsley's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village of Kingsley's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Village Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

June 13, 2008

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and Village Council
Village of Kingsley, Michigan

Compliance

We have audited the compliance of the Village of Kingsley with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended February 29, 2008. The Village of Kingsley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of Kingsley's management. Our responsibility is to express an opinion on the Village of Kingsley's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Kingsley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village of Kingsley's compliance with those requirements.

In our opinion, the Village of Kingsley complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended February 29, 2008.

Internal Control Over Compliance

The management of the Village of Kingsley is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Kingsley's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The Village of Kingsley's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village of Kingsley's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Village Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

VILLAGE OF KINGSLEY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED FEBRUARY 28, 2008

	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development			
Community Planning and Development			
Pass-through Program from:			
Michigan Economic Development Corporation			
Title I of the Housing and			
Community Development			
Act of 1974	14.228	MSC 206023-ICE	\$ 598,865
 TOTAL EXPENDITURE OF FEDERAL AWARDS			 \$ 598,865

VILLAGE OF KINGSLEY, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2008

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Kingsley, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

VILLAGE OF KINGSLEY, MICHIGAN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED FEBRUARY 29, 2008

Finding 2007 – A (from the 2006/2007 fiscal year)

Significant Deficiency:

Ability to Prepare Financial Statements

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Village's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting). As is the case with most small and medium-sized entities, the Village has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Village's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot, by definition be considered a part of the government's *internal* controls. This condition was caused by the Village's determination that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Village to perform this task internally.

Corrective Action Plan

The Village plans to continue relying on its external auditors to prepare the financial statements.

Finding 2007 – B (from the 2006/2007 fiscal year)

Significant Deficiency:

Utility Accounts Receivable not Reconciled to Sub Ledger

Balances from the utilities billing software are not being reconciled to the related accounts receivable control accounts in the General Fund, Water Fund and Sewer Fund. The account balances in each funds general ledger should be reconciled to the aged accounts receivable report generated by the billing software on a monthly basis to ensure that all billing and collection transactions are being recorded properly. Care must be taken that the same cutoff is used for depositing and recording the receipts in the general ledgers as is used for posting transactions to the billing program.

Corrective Action Plan

The Village is going to change the billing dates to correspond with the month end to assist in the reconciling of the utility receivables to the general ledger on a monthly basis.

VILLAGE OF KINGSLEY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED FEBRUARY 29, 2008

Section I - Summary of Auditors= Results

Financial Statements

Type of auditors' report issued: Unqualified

! Material weakness(es) identified: _____ Yes X No

! Significant deficiencies identified that are not considered to be material weaknesses? X Yes _____ No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

! Material weakness(es) identified: _____ Yes X No

! Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

VILLAGE OF KINGSLEY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED FEBRUARY 29, 2008

Section II – Financial Statement Findings

2008-A

Significant Deficiency:

Ability to Prepare Financial Statements

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Village's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting). As is the case with most small and medium-sized entities, the Village has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Village's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot, by definition, be considered a part of the government's *internal* controls. This condition was caused by the Village's determination that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Village to perform this task internally.

Corrective Action Plan

The Village plans to continue relying on its external auditors to prepare the financial statements.

2008-B

Significant Deficiency:

Utility Accounts Receivable not Reconciled to Sub Ledger

Balances from the utilities billing software are not being reconciled to the related accounts receivable control accounts in the General Fund, Water Fund and Sewer Fund. The account balances in each fund's general ledger should be reconciled to the aged accounts receivable report generated by the billing software on a monthly basis to ensure that all billing and collection transactions are being recorded properly. Care must be taken that the same cutoff is used for depositing and recording the receipts in the general ledgers as is used for posting transactions to the billing program.

VILLAGE OF KINGSLEY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED FEBRUARY 29, 2008

Corrective Action Plan

The Village is going to change the billing dates to correspond with the month end to assist in the reconciling of the utility receivables to the general ledger on a monthly basis.

Section III – Financial Statement Findings

None

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

June 13, 2008

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Mayor and Village Council
Village of Kingsley
Kingsley, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Kingsley for the year ended February 29, 2008, and has issued our report thereon dated June 13, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated November 20, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Village of Kingsley's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Village of Kingsley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Village of Kingsley's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on Village of Kingsley's compliance with those

requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Village of Kingsleys' compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Kingsley are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed several adjusting journal entries which were reviewed and accepted by management. No material misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 13, 2008.

Other Audit Findings or Issues

During the course of our audit of the basic financial statements of Village of Kingsley for the year ended February 29, 2008, we noted the following list of items which we feel deserve comment:

2007 Village Share General Obligation Bonds

Per the 2007 Village Share General Obligation Bond ordinances, the Village is required to set up a separate Debt Service fund to account for the debt service payments related to these bonds. The ordinances also stated that the Village set up a separate capital projects fund to account for the expenses of the project. Assistance will be provided to the Village Clerk in order to get these transactions into separate funds.

Utility Receivables

Balances from the utilities billing software are not being reconciled to the related accounts receivable control accounts in the General Fund, Water Fund and Sewer Fund. The account balances in each funds general ledger should be reconciled to the aged accounts receivable report generated by the billing software on a monthly basis to ensure that all billing and collection transactions are being recorded properly. Care must be taken that the same cutoff is used for depositing and recording the receipts in the general ledgers as is used for posting transactions to the billing program. We believe this is where the confusion and discrepancies are coming from and discussed the option with the Village Clerk to change the billing date to coincide with the end of the month to assist in reconciling the receivables to the ledger on a monthly basis.

Budgeting

The budget was exceeded in certain activities in the General Fund, Local Streets Fund and the Recreational Complex Capital Projects Fund. Although the Village does a great job of budgeting, Act 621 of the Public Acts of 1978 requires amending the budget prior to authorizing expenditures that would cause such overages.

Condition of Accounting Records and Accounting Controls

We would like to thank the accounting personnel for their efforts in accumulating the information needed for our audit. We encourage you to review your internal and accounting controls on an annual basis to ensure they are adequate and operating as intended.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.